

Victor Khanye Local Municipality



BUDGET (MTREF)

2014 / 2015

Indicative Medium Term
2014/15 – 2016/17

ADOPTED BY COUNCIL
29 MAY 2014
A01/05/2014



VICTOR KHANYE LOCAL MUNICIPALITY

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VICTOR KHANYE LOCAL MUNICIPALITY



BUDGET

2014/2015

MAYOR'S REPORT ATTACHED AS
DELIVERED BY THE HON. EXECUTIVE
MAYOR, CLLR E MAKHABANE

**2014/2015 FINANCIAL YEAR BUDGET SPEECH OF THE VICTOR
KHANYE LOCAL MUNICIPALITY DELIVERED BY THE HONORABLE
EXECUTIVE MAYOR, CLLR. EN MAKHABANE**

29 MAY 2014

Programme Director,

Honourable Speaker Cllr. RK Segone,

Council Whip, Cllr. HM Ngoma

Members of the Mayoral Committee,

Fellow Councillors,

Acting Municipal Manager and Directors,

Representatives from the Sector Departments,

Leadership of Political Parties,

Captains of Industry,

Community Development Workers

NGO's,

Traditional Leaders,

Distinguished Guests,

Ladies and gentlemen.

Programme Director, I am humbled and honoured to stand before you to present the Victor Khanye Local Municipality's 2014/2015 Budget.

Hon. Speaker, this meeting comes at the time where the country has just held its fifth national elections under the democratic era. The elections were a huge success and were declared “free and fair” by the IEC.

This is an indication that our young democracy is indeed maturing. South Africa have again proven to the world that it embraces the principles of democracy and its outcomes.

The people of this country have once again entrusted the ruling party (ANC) with a mandate to rule this country for another five years.

We are once again humbled by the said mandate and we promise our people that we will never take it for granted but we will forever advance agendas that are aimed at improving their lives.

Programme Director may I take this opportunity to congratulate the first citizen of the country President Jacob Zuma and the Hon. Premier Mr DD Mabuza for being mandated to lead us for another five years in their respective roles, we are confident that they will continue with the implementation of programmes that are aimed at changing the lives of our people for the better.

We are optimistic that at the end of this current term office, South Africa would definitely not be the same as it is today.

As local government, we particularly welcome the appointment of the former Minister of Finance Mr Pravin Gordhan as the head of CoGTA nationally.

We believe the experience he has accumulated at National Treasury will come in handy to municipalities in terms of improving our systems and to also assist us in unlocking grant funding from Treasury.

Municipalities are forever in the red with the Treasury in terms of the spending of finances, we are hopeful that he will be bringing the element of leadership that is much needed in this regard.

Hon. Speaker, President Zuma in his inaugural speech, spoke much about the transformation of the economy so that it can create the much needed job opportunities. We are optimistic that the said transformation will help us to reduce our unemployment rate (especially amongst the youth) which is unacceptably very high and alarming.

As you may have heard in the news our economy has taken a serious knock recently, this is as a result of the ongoing strike at the platinum mines. This has a negative effect on the planning of government because a weak economy is not able to create jobs.

Some economists suggest that we are headed for another recession, we need to be vigilant in spending our resources.

Hon. Speaker, on a sad note, the municipality recently experienced some protests by members of the community.

During those protests, something foreign to the values of the residents of this municipality happened in that those protests led to the burning and destruction of our own resources.

The burning of the community hall, clinic and the social services offices took us all by surprise. In the past our people took to the streets to

protest about one or two things (that is understandable because it is their democratic right to do so), but they never destroyed properties that serve them.

This is viewed as clear criminal activities by hooligans disguised as service delivery protesters.

Now if we destroy our own facilities, we are making life difficult for us e.g. Botleng proper residents have now to travel to either Delpark or Delmas town to buy electricity because the Botleng vending machine was vandalised.

As community members we need to stand up against such criminal activities and expose those responsible so that they can be brought to book.

Such criminal activities derail us in our bid to make sure that we provide you with sustainable services because we have to go back and repair the damages. That Programme Director is definitely not money well spent.

Hon. Speaker, the manifesto is our guiding document in terms of delivering services to our communities because it is through this policy document that the ruling party is able to win the hearts of the people to vote for us.

Programme Director, for us to be able to deliver on the promises made on our manifesto, we have gone further to make sure that there is alignment of the Manifesto with the Integrated Development (IDP) Plan, the Budget and the Vision 2030 blueprint.

Hon. Speaker, we are a democratic and accountable government hence community participation in planning plays a very important role.

Through our IDP processes, Budget Mayoral Izimbizo and finally the Budget Indaba, we were able to capture the needs of the community.

We are a small municipality hence it is very important that whenever we do projects for the community, they are thoroughly consulted upon so as to avoid wasting the scarce resources.

Hon. Speaker, during the Budget Indaba we spoke at length about our sources of revenue. It is a well known fact we are heavily reliant on grants for survival.

Most of our households are unemployed hence they are not able to pay for services. Our municipality is made out of nine wards, now if you look into how much money we have to do capital projects (**R51,1 mil**), that is way too little to cater for all the wards.

Some people might say we are biased towards certain wards but this is not the case. We obviously have to prioritize and direct resources where they are needed the most e.g. our current development is at Botleng Ext. 7 and Eloff. Again for this financial year, we have committed substantial MIG finding to the said areas to put infrastructure such as water and sanitation.

This we have to do because we have set ourselves a target that we want to eradicate the informal settlements and the bucket toilet system.

Once these areas are fully serviced, our people from informal settlements will be relocated to such areas and their dignity will definitely be restored.

Hon. Speaker, at registration, delegates were handed with service delivery booklets. These booklets are intended to showcase the achievements of this political collective since coming into office in June 2011.

I am humbled Programme Director, to outline to our esteem service delivery partners gathered here today the budget of the municipality for the coming financial year starting on the 1st July 2014.

In line with the guiding legislation, Programme Director, the budget is aligned to the IDP which addressed the Six Local Government Key Performance Areas.

Programme Director, it is estimated that the total budget (operational as well as capital projects) for the 2014/2015 financial year is **R367,9 mil**, which represents an increase of **18,5%** from the previous financial year. The increase can be attributed, amongst others to the **average tariffs increase of 8 – 9 %**.

The said budget also takes into cognisance the needs of our indigent population, as a municipality we will continue to provide free basic services to them and affordable tariffs services.

We however must mention that we found it disturbing that a total of **2 586** applications for indigents have been received by the municipality for the ensuing financial year. We know that there are many households whose members are unemployed but are not registered as indigents.

The challenge with this is that it affects our equitable share. If we have less people on our indigent register, national government concludes that our people are employed and thus should be able to pay for the services, and allocates less resources. We encourage all households who are unemployed to come forward and register so that we can continue to provide them with free basic services.

Programme Director the estimated total **operating budget is R316,8 mil** and the **capital budget is R51,1 mil**. Own funding or revenue for the capital budget is only **R5 mil**.

The employee costs will be **R104,7 mil** which is **33%** of the total budget. This is still below the accepted National Treasury norm.

The general costs such as telephone bills, will be **R72,1 mil**. The repair/maintenance **R15,2 mil**, this accounts for about **4,8%** of the total budget. Debt impairment is **R20 mil** (writing-off of bad debts). Bulk services water (Rand Water) and electricity (Eskom) will be **R104,8 mil**.

During the 2013/2014 financial year we started with the project of electrifying 120 houses at ward 3 through the INEP funding. We however experienced some challenges in that most of the money allocated was used for the installation of infrastructure hence we ended up electrifying only **53 houses**.

We are continuing with the said project again this coming financial to electrify a further **300 Houses**.

As part of making sure that are communities are safe, we will be continuing with the installation of high mast lights across all wards (**10 in total**) to the tune of **R2,8 mil**.

We are doing particularly well when it comes to the tarring or paving of internal streets. A budget of **R6 mil** has been put aside for this purpose.

We will be carrying on with this project year after year until all the houses are electrified so as to make life easier for our people.

Programme Director, we have put aside a budget of **R169 750** for youth development projects such as Youth Day (June 16), Youth dialogues, etc.

The youth are at the core of any country and we need to take care of such people. A project to upgrade the Botleng Sports Centre is currently underway. Our aim with this project is to make sure that it caters for a variety of sporting codes so as to keep our youth busy and take them off the streets.

We have once again committed about **R3,5 mil** of the MIG funding to accelerate the said project.

We have also set aside a budget of **R400 000** for a transversal affairs desk that is located in my office. The said desk is responsible for the elderly, people living with disabilities and HIV/AIDS.

Programme Director, I am pleased to announce that two contractors have already been appointed by the Provincial Government for the construction of the 1 800 houses that the Hon. Premier has promised to eradicate the informal settlements and the bucket system.

Those contractors are already on site and we believe that the project will run smoothly so as to relocate those people.

Apart from the project mentioned here above, we have also received about **280** allocations from the Department of Human Settlements. This will also address our backyard dwellers.

We have further put aside an amount of **R10 mil** to put infrastructure (water & sanitation at Botleng Ext. 7 and Eloff.

We are planning on selling serviced stands to community members who will be able to build their own houses rather than relying on RDP houses.

Programme Director, through the Community Development Projects Vote, we were able to assist **32** needy students to enrol at various tertiary institutions in January 2014. The overall amount spent was **R126 176**.

In January 2015, we will once again be assisting other needy students in this regard. The amount to be spent will be dependent on the number of applications received.

It must also be put on record that the said funding is not a bursary scheme but merely a financial assistance for those needy students to

register at such tertiary institutions. The idea is that once they are registered they will be able to apply for funding (NFSAS).

As part of government's bid to make sure that our people take full ownership of the houses they are occupying, we have distributed about **335** title deeds to beneficiaries. For this financial year a budget of R500 000 have been set aside for the registration of further title deeds.

Let me take this opportunity and thank the administration for the wonderful work they have done from the preparation stages to this final approval of the budget.

To my fellow Councillors, Hon. Speaker, we thank you all, let us work together for the benefit of the community that we serve.

Let me thank each and every one of you who have been part of this process since it started.

I thank you all.

Siyabonga

VICTOR KHANYE LOCAL MUNICIPALITY



BUDGET RESOLUTIONS

2014/2015

It is resolved that:

1. The consolidated operating budget amounting to R316,841,916 as set out in the Municipal Budget Document as well as the relevant appropriation votes and budgeted cash flows are adopted by Council and constitute the Budget of the Victor Khanye Local Municipality for the 2014/2015 financial year.
2. Council note that the employee cost of Council is excessively high due to the new Bargaining Conditions with effect from October 2013 as well as the Upper Limits for Public Officers. The calculations for shift allowances, acting allowances and standby allowances have a huge impact on the budget in respect of employee costs.
3. Council take note that the inclusion of insurance paid on behalf of Councillors according to the Upper Limits for Public Officers increased the insurance premium of Council substantially.
4. The capital budget to the amount of R51,103,000 as set out in the Municipal Budget Document as well as the relevant appropriation votes and funding sources are adopted by Council and constitute the Capital Budget of the Victor Khanye Local Municipality for the 2014/2015 Financial year.
5. The current cash flow situation of Council is under severe pressure and the following cost containment measures are recommended for immediate implementation in terms of National Treasury Circular 70 and Circular 72 to ensure that council continue to service its monthly liability until the cash flow situation has improved:
 - 5.1 Travel claims be paid only with the monthly salary run;
 - Service providers be paid on the following specified days in a month:
 - From the 1st to 6th are non-paying days, due to month end procedures

- Payments for invoices received from the 1st until the 14th be paid by no later than the 20th or the next working day
- Invoices received from the 15th until the 24th of a month be paid by the 27th or the next working day;

5.2 Invoices received after the 24th be paid in the following month;

5.3 No overtime will be paid in excess of 40 hours per month, excluding essential services such as water, electricity, sanitation, fire and cemeteries that is pre-approved by the Head of Department. Overtime in excess of 40 hours be converted into time off in lieu of overtime.

5.4 Refreshments be provided only for external meetings attended by external stakeholders where possible as per the cost containment measurements. Council meetings refreshments be limited to cater for not more than 30 people.

5.5 Meetings, workshops and training events be held at the venues of the municipality at most (depending on the capacity to be accommodated) and no outside facilities (at a cost) be approved for internal stakeholders meetings;

6. The supporting information contained in the 2014/2015 to 2016/2017 Medium Term Revenue and Expenditure budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act no. 56 of 2003) be endorsed.
7. The tariff structure as set out in the Municipal Budget Document be adopted by Council and constitute the tariff structure of the Victor Khanye Local Municipality for the 2014/2015 financial year for implementation with effect from 1 July 2014.
8. The indicative medium term budgets for the 2014/2015 and 2016/2017 financial years, as set out in the Municipal Budget Document, are adopted by Council and constitute the indicative medium term budget of the Victor Khanye Local Municipality.
9. Council take note of the following budget related policies attached in the budget document and approve all amendments to such policies:
 - 9.1 Property Rates Policy
 - 9.2 Cash Management and Financial Procedures Policy
 - 9.3 Financial Bylaws
 - 9.4 Indigent Policy
 - 9.5 Credit Control and Debt Collection Policy
 - 9.6 Tariff/Funding Policy
 - 9.7 Supply Chain Management Policy
 - 9.8 Asset Management Policy
10. Service delivery objectives and plans (SDBIP) for each of the votes as set out in the 2014/2015 Municipal Budget Document be drafted and submitted to the Executive Mayor for approval and tabled in Council for notification.



VICTOR KHANYE

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CORPORATE SERVICES

A01/05/2014

CERTIFIED EXTRACT OF A RESOLUTION BY THE MUNICIPAL COUNCIL IN AN ORDINARY COUNCIL MEETING HELD ON 29 MAY 2014 IN THE COUNCIL CHAMBER, MUNICIPAL OFFICES, DELMAS

A01/05/2014

**APPROVAL OF BUDGET: 2014/2015 FINANCIAL YEAR (MTREF)
(CFO)**

RESOLVED (THAT):

1. The consolidated operating budget amounting to **R310,178,458** as set out in the Municipal Budget Document as well as the relevant appropriation votes and budgeted cash flows be adopted by Council with the inclusion of amendments indicated below and constitute the Budget of the Victor Khanye Local Municipality for the 2014/2015 financial year:
 - 1.1. R 100 000 be subtracted from the vehicles vote and used for the wellness programme.
 - 1.2. R 1 000 000 be subtracted from the vehicle cost (vote 4521) and R 500 000 be taken to Youth Development (vote 4525) & R 500 000 be taken to Transversal (vote 4537).
 - 1.3. Add R 5 00 000 to (vote 4427) deed registration.
 - 1.4. Minus R 1000 000 from Security Services and add R 100 000 to Ward committees.
 - 1.5. Remove R 56 000 from Security Services and add to vote 4223.
 - 1.6. Minus R 100 000 for the replacement of asbestos for the main office.
 - 1.7. Add R 100 000 for procurement of dust bins.
 - 1.8. Remove R 500 000 from vote 4521 and add to dustbins.
 - 1.9. Minus R 50 000 from vehicle cost and add to (vote 4733) Paupers 'Funeral.
 - 1.10. Minus R 300 000 from security services and add to summits.
 - 1.11. Minus R 300 000 from vehicle cost and add to summits.

- 1.12. Add R 20 000 to fire equipments.
 - 1.13. Minus R 1 000 000 from vehicle cost and add to traffic lights maintenance.
 - 1.14. Minus R 1 000 000 from Security Services and add to squatter re-settlement.
 - 1.15. Minus R 250 000 from votes 4223 and 4521 and add to vote 3051.
 - 1.16. R 500 000 be added to (vote 4511) town planning.
2. Council note that the employee cost of Council is excessively high due to the new Bargaining Conditions with effect from October 2013 as well as the Upper Limits for Public Officers. The calculations for shift allowances, acting allowances and standby allowances have a huge impact on the budget in respect of employee costs.
 3. Council take note that the inclusion of insurance paid on behalf of Councillors according to the Upper Limits for Public Officers increased the insurance premium of Council substantially.
 4. The capital budget to the amount of **R51,103,000** as set out in the Municipal Budget Document as well as the relevant appropriation votes and funding sources are adopted by Council and constitute the Capital Budget of the Victor Khanye Local Municipality for the 2014/2015 Financial year.
 5. The current cash flow situation of Council is under severe pressure and the following cost containment measures are recommended for immediate implementation in terms of National Treasury Circular 70 and Circular 72 to ensure that council continue to service its monthly liability until the cash flow situation has improved:
 - 5.1 Travel claims be paid immediately after submission together with supporting documents;
 - Service providers be paid on the following specified days in a month:
 - From the 1st to 6th are non-paying days, due to month end procedures
 - Payments for invoices received from the 1st until the 14th be paid by no later than the 20th or the next working day
 - Invoices received from the 15th until the 24th of a month be paid by the 27th or the next working day;
 - 5.2 Invoices received after the 24th be paid in the following month;
 - 5.3 No overtime will be paid in excess of 40 hours per month, excluding essential services such as water, electricity, sanitation, fire and cemeteries that is pre-approved by the Head of Department. Overtime in excess of 40 hours be converted into time off in lieu of overtime.
 - 5.4 Refreshments be provided only for external meetings attended by external stakeholders where possible as per the cost containment measurements. Council meetings refreshments be limited to cater for the number of attendees.

5.5 Meetings, workshops and training events be held at the venues of the municipality at most (depending on the capacity to be accommodated) and no outside facilities (at a cost) be approved for internal stakeholders meetings;

6. The supporting information contained in the 2014/2015 to 2016/2017 Medium Term Revenue and Expenditure budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act no. 56 of 2003) be endorsed.
7. The tariff structure as set out in the Municipal Budget Document be adopted by Council and constitute the tariff structure of the Victor Khanye Local Municipality for the 2014/2015 financial year for implementation with effect from 1 July 2014.
8. The indicative medium term budgets for the 2014/2015 and 2016/2017 financial years, as set out in the Municipal Budget Document, are adopted by Council and constitute the indicative medium term budget of the Victor Khanye Local Municipality.
9. Council take note of the following budget related policies attached as **ANNEXURE BSC 01 – 1** and approve all amendments to such policies:
 - 9.1 Property Rates Policy
 - 9.2 Cash Management and Financial Procedures Policy
 - 9.3 Financial Bylaws
 - 9.4 Indigent Policy
 - 9.5 Credit Control and Debt Collection Policy
 - 9.6 Tariff/Funding Policy
 - 9.7 Supply Chain Management Policy
 - 9.8 Asset Management Policy
10. Service delivery objectives and plans (SDBIP) for each of the votes as set out in the 2014/2015 Municipal Budget Document be drafted and submitted to the Executive Mayor for approval and tabled in Council for notification.
11. The organogram for the 2014/15 Financial Year be approved subject to the amendments indicated below:
 - 11.1. The post of the Assistant Manager Emergency Services be replaced with the post of the Assistant Manager Public Participation.
 - 11.2. The post of the Manager Technical Services be replaced with posts of labourers.
 - 11.3. The position of the mechanic be elevated to the next post level.

12. The position of the Chairperson of MPAC be made full – time and a letter be written to the MEC of CoGTA to amend section 12 and the said process be budgeted for.
13. The MMC of Planning, Infrastructure, Transport and Safety Portfolio, Councillor KV Buda be delegated to investigate and implement mechanisms to save water and electricity loss through sourcing service providers for green energy.
14. A service provider be appointed through section 132 for the purpose of dealing debt collection, the said service provider should not attach community members' properties or serve court orders in the execution of his/her duties.

CERTIFIED AS A TRUE COPY OF THE MINUTES



Ms. BM MOHLALA

ACTING MUNICIPAL MANAGER



VICTOR KHANYE LOCAL MUNICIPALITY



EXECUTIVE SUMMARY

2014/2015

Budget

A. MUNICIPAL ENTITIES / EXTERNAL MECHANISMS

The Municipality does not make use of any entities or external mechanisms for services delivery within the municipal area.

B. FINANCIAL AND SERVICE DELIVERY IMPLICATIONS

The 2014/2015 operational budget increases with 10 %.

During the year under review, the Council will maintain all municipal services as per the approved tariff structure of the municipality. Tariffs were determined for all the municipal services as reflected in the tariff policy and to such an effect that it is based on cost recovery as far as possible. In the case of those services, on which a shortfall is recorded, said shortfall will be financed through property rates. In the case of shortfalls due to the implementation of the indigent policy, these shortfalls are recovered from the equitable share.

During the budget year no transfer will be made in terms of Section 12 of the Municipal Finance Management Act, no 56 of 2003.

C. CONSOLIDATED FINANCIAL POSITION AND MTREF

Operating Budget (OPEX)	-	R 316,841,916
Capital Budget (CAPEX)	-	<u>R 51,103,000</u>
Total Budget Tabled	-	<u>R 367,944,916</u>

Revised budget 2013/2014: R 288,161,188 Surplus: R 32,528

Tabled budget 2014/2015: R 316,841,916 Surplus: R 8,762

Percentage increase: 10 % (Budget to Budget).

Refer to paragraph A for an explanation on budget increase.

Expenditure breakup:

	<u>R,000</u>	
- Employee related costs	105,180	33,20%
- Councilor remuneration	6,907	2,18%
- Debt impairment	20,000	6,31%
- Collection costs	255	0,08%
- Provision for depreciation	6,228	1,97%
- Finance charges	7,182	2,27%
- Bulk purchases	104,810	33,08%
- Repair & Maintenance	16,130	5,09%
- General expenditure	<u>50,150</u>	15,82%
Total	<u>316,842</u>	

Revenue breakup:

	<u>R'000</u>	
- Property Rates	47,263	14,92%
- Electricity revenue	103,549	32,68%
- Water revenue	39,846	12,58%
- Sanitation revenue	8,673	2,74%
- Refuse revenue	9,783	3,09%
- License & permits	17,300	5,46%
- Interest revenue (Debtors)	21,099	6,66%
- Interest revenue (Investments)	976	0,31%
- Rental of facilities	2,518	0,79%
- Other revenue	<u>65,844</u>	20,77%
Total	<u>312,551</u>	

Operational Budget:

Own funding	-	255,174,678	(81 %)
External funding	-	61,676,000	(19 % - Grants)

Projects included in operating budget

Ward committees	-	154,320
Community Development Projects	-	339,500
Communication unit	-	271,600
Youth development	-	669,750
Strategic planning	-	44,135
Revision of plans (IDP/SDP)	-	509,250

Tariff increases (Avg.)

All tariffs	-	8,5%
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Overall increase/effect on an average account : 8,5%

Flat rates:

Special indigents with no income	=	R0 p/m + actual consumption
Social welfare pensioners	=	R102 p/m + actual consumption
Registered Indigents < R800	=	R155 p/m + actual consumption
Registered Indigents < R1500	=	R264 p/m + actual consumption

Free basic services

6kl water per month to all households.

50 kWh electricity per month to all households.

D. CAPITAL PROGRAM

Sources of finances:

MIG – Municipal Infrastructure Grant	-	23,570,000
Department of Energy	-	4,800,000
Nkangala District Municipality	-	17,215,000
Operating funding (Own funds)	-	<u>5,518,000</u>
Total	-	<u>51,103,000</u>

Own funding	:	5,518,000 (10,80%)
External funding	:	45,585,000 (89,20%)

Capital Projects:

Corporate Services	-	200,000
Budget & Treasury	-	400,000
Public safety	-	1,000,000
Solid Waste	-	7,343,000
Community facilities	-	2,090,000
Parks, sport & recreation	-	4,035,500
Sanitation	-	5,290,000
Roads & Transport	-	7,387,600
Water services	-	11,550,000
Electricity services	-	<u>11,806,900</u>
Total	-	<u>51,103,000</u>

E. MUNICIPAL SERVICES DELIVERY PRIORITIES AND OVERVIEW OF ALIGNMENT WITH THE INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan of the municipality consists of several issues raised which is summarized under the following five KPA's:

1. Basic Service Delivery
2. Local Economic Development
3. Municipal Financial Viability and Management
4. Municipal Institution Development and Transformation
5. Good Governance and Community Participation

Basic Service Delivery

It remains a priority for the Victor Khanye Local Municipality to provide clean potable water to the community.

With regards to other municipal services, substantial provision was made for the overall improvement of the roads network. As funding sources for these needs as identified in the Integrated Development Plan (IDP), Council will utilize the municipal infrastructure grant (MIG) as well as a contribution from the Nkangala District Municipality.

The budget was drafted with reference to the Integrated Development Plan of the municipality and reference is made via the Capital Program to the IDP.

Local Economic Development

Provision was made under vote : Executive & Council for local economic development as an expenditure item. Programs as identified in the IDP will be funded from these provisions.

Municipal Financial Viability and Management

Revenue enhancement projects which includes meter reading equipment, debt collection strategies. Provision was made via the relevant votes in the budget.

Municipal Institution Development and Transformation

Provisions were made for an employee wellness program as well as the training of officials in order to comply with the competency regulations.

Good Governance and Community Participation

In order to comply with the requirement of good governance, Council approved provisions for the review and update of policies and by-laws. Risk assessments were performed and forms the basis for the internal audit plan. Council make use of a shared internal audit committee with the Nkangala District Municipality. MPAC was established and maintained.

With regards to public participation, Council made provision under the vote: Executive & Council for several community outreach programs as well as the upheld of a well established ward committee system.

VICTOR KHANYE LOCAL MUNICIPALITY



ANNUAL BUDGET TABLES

2014/2015

As Attached

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF ANNUAL BUDGET PROCESS

2014/2015

This section provides an overview of the budget process followed to compile the draft budget tabled by the Executive Mayor on 20 March 2014 in Council.

The 2014/2015 budget process commenced with the approval of the time schedule of key deadlines by Council during a Council meeting.

A review of the 2013/2014 budget together with the indicative medium term for the outer two years was performed after the mid-year assessment was done during January 2014. Based on this assessment, by the different Directorates, it was resolved to move towards a more realistic activity based budget with the objective to ensure a credible budget that is funded by realistic revenue sources.

It was the objective to ensure that the budget addresses the following issues:

- Focus on municipal priorities
- Alignment with the Integrated Development Plan
- Visible service delivery
- Political oversight
- Compliance to legislation

Through policy direction as well as prioritization, it was ensured that political leadership formed the base of the budget process. Through the political oversight during the budget process, it was ensured that the political executive engaged with the different stake holders.

The level of service was one of the main considerations with an emphasis on the basic needs as well as affordability for both the community and Council. Although an all inclusive process was followed, it was needed to prioritize the expenditure focus due to limited income resources.

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF BUDGET ALIGNMENT WITH IDP

2014/2015

The Integrated Development Plan of the municipality consists of several issues raised which are summarized under the following five KPA's:

1. Basic Service Delivery
2. Local Economic Development
3. Municipal Financial Viability and Management
4. Municipal Institution Development and Transformation
5. Good Governance and Community Participation

Basic Service Delivery

It remains a priority for the Victor Khanye Local Municipality to provide clean potable water to the community. In order to achieve this, the municipality commissioned a new water treatment plant during the 2011/2012 financial year. Provision was made to operate the new plant by providing for all resources as required. In addition, steps were also taken to augment the new rand water pipe line. The rand water pipe line is a joint venture between provincial government (COGTA), DWARF and the municipality. The pipe line is now operational as from July 2013.

In order to provide for the need for electricity for both residential and commercial developments, a new Delmas North substation will become operational during the 2013/2014 financial year. Sufficient provision was made in the budget for the successful operation of the substation. Provision was made in the Capital Program.

With regards to other municipal services, substantial provision was made for the overall improvement of the roads network. As funding sources for these needs as identified in the Integrated Development Plan (IDP), Council will utilize the municipal infrastructure grant (MIG) as well as a contribution from the Nkangala District Municipality.

The budget was drafted with reference to the Integrated Development Plan of the municipality and reference is made via the Capital Program to the IDP.

Local Economic Development

Provision was made under vote : Executive & Council for local economic development as an expenditure item. Programs as identified in the IDP will be funded from these provisions.

Municipal Financial Viability and Management

Revenue enhancement projects which includes meter reading equipment, debt collection strategies as well as discussions with Eskom with regards to the take over of Botleng X3, Sundra and Eloff electricity networks are in progress. Provision was made via the relevant votes in the budget.

Municipal Institution Development and Transformation

Provisions were made for an employee wellness program as well as the training of officials in order to comply with the competency regulations.

Good Governance and Community Participation

In order to comply with the requirement of good governance, Council approved provisions for the review and update of policies and by-laws. Risk assessments were performed and forms the basis for the internal audit plan. Council make use of a shared internal audit committee with the Nkangala District Municipality. MPAC was established and maintained.

With regards to public participation, Council made provision under the vote: Executive & Council for several community outreach programs as well as the upheld of a well established ward committee system.

VICTOR KHANYE LOCAL MUNICIPALITY



MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

2014/2015

In conclusion to the budget process, a Service Delivery and Budget Implementation Plan will be drafted in terms of Section 69(3) of the Municipal Finance Management Act (Act no 56 of 2003) and submitted to the Executive Mayor within 14 days after the budget is approved by Council during May 2014.

The Executive Mayor will publish this Service Delivery and Budget Implementation Plans within 28 days after it was approved.

The Service Delivery and Budget Implementation Plans will focus on the key performance areas which are as follows:

1. Basic Service Delivery
2. Local Economic Development
3. Municipal Financial Viability and Management
4. Municipal Institution Development and Transformation
5. Good Governance and Community Participation
6. Spatial rational

Key performance indicators (KPI) as identified for each one of the above-mentioned key performance areas (KPA), will be assessed on a quarterly basis where after outcomes will be made public.

(The Service Delivery and Budget Implementation Plans will be attached after submission to the Executive Mayor)

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF BUDGET RELATED POLICIES

2014/2015

Proper budgets are prepared in accordance with approved policies. A budget related policy is a municipal policy affecting or affected by the annual budget of the municipality. These policies are necessary for effective financial management and the achievement of priorities and strategic goals of the community. The budget related policies are reviewed annually during the budget preparation process.

The following budget related policies is attached herewith as Annexure C:

- Rates Policy
- Cash Management Procedures Policy
- Indigent Policy
- Credit Control & Debt Collection Policy
- Tariff Policy (Funding)
- Supply Chain Management Policy
- Financial Bylaws
- Asset Management Policy

The above policies are available for inspection from the Office of the Chief Financial Officer, Municipal Building, C/o Samuel Avenue and Van der Walt Street, Delmas.

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF BUDGET ASSUMPTIONS

2014/2015

During the compilation of the budget, various budget assumptions were considered in order to compile a credible and realistic budget that supports the achievement of long term financial and strategic objectives.

The following local and national economic and social indicators / guidelines were considered in the compilation process:

- Political and national strategic objectives and guidelines
- Guidelines and circulars from National Treasury
- Electricity distribution license requirements and guidelines from the National Electrification Regulator of South Africa (NERSA)
- Municipal priorities and basic needs as identified in the Integrated Development Plan
- Interest rates – Long term borrowing and the repayment of external loans. Liability placed on future budgets of the municipality.
- CPIX – Inflation rate. Possible increases in general operating expenditure as well as increases in personnel expenditure.
- Affordability levels of the community to contribute to the budget.
- Increase/Decrease in community numbers and institutions in the municipal area.
- Macro-economic strategies tabled by the Minister of Finance during his budget speech.
- National/Provincial Government strategies.
- Allocations to local government.

In terms of the national guidelines it was endeavored to keep budget increases within the national economic indicators. However, in respect of employee costs as well as electricity tariff increases, the CPIX could not be used as an indicator, but rather the agreements between SALGA and the trade unions and between NERSA and ESKOM.

Guidelines issued under circulars 70 and 72 from National Treasury, required the municipality to make certain adjustments to the accounting treatment of forgone income which resulted in a budget increase in excess of the CPIX. During the assessment of Council's infrastructure, to comply with GRAP17, it was determined that the overall condition of Council's assets needs to be focused on during the budget process. Hence, an increase in Repair & Maintenance in excess of the CPIX was recorded.

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF BUDGET FUNDING

2014/2015

The budget of Council consists of an operating budget and a capital budget. The 2014/2015 budget is funded as follows:

Operating Budget

- Property rates
- Service charges from municipal services (electricity, water, sanitation, waste management and other general services)
- Interest received from investments and outstanding debtors
- Rent of facilities (municipal properties)
- Fines
- Licenses and permits
- Operating grants and subsidies
- Agency fees

Municipal services are ring fenced in order to ensure that each service is funded as far as possible from its own income sources. In respect of those services which cannot be sustained from their own resources are subsidized from property rates. The Equitable Share from National Government is utilized to subsidize poor households registered in term of Council's Indigent Policy.

Capital Budget

The Capital Program is financed from the following sources:

- Contributions from own revenue
- Contributions from National Government (MIG)
- Contributions from the Nkangala District Municipality
- Contributions from the Department of Energy

VICTOR KHANYE LOCAL MUNICIPALITY



SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

2014/2015

To be submitted to the Executive Mayor within 14 days after approval of the budget on 29 May 2014 and tabled in Council within 28 days after approval of the budget.

To be submitted on 10 June 2014 to the Executive Mayor and tabled in Council on 24 June 2014 in terms of time schedule approved by Council.

Section 69(3) of the Municipal Finance Management Act (Act no 56 of 2003)

VICTOR KHANYE LOCAL MUNICIPALITY



EXECUTIVE SUMMARY OF GRANTS
&
INVESTMENTS

2014/2015

Executive summary GRANTS & INVESTMENTS			
Detail	2014/2015	2015/2016	2016/2017
<u>Grants</u>			
<u>Operational</u>			
Equitable share from National	59 142 000	67 153 000	72 430 000
Finance Management Grant (FMG)	1 600 000	1 650 000	1 700 000
Municipal Systems Grant (MSIG)	934 000	967 000	1 018 000
	61 676 000	69 770 000	75 148 000
<u>Capital</u>			
Municipal Infrastructure Grant (MIG)	23 570 000	24 388 000	25 323 000
Department of Energy	4 800 000	0	0
Nkangala District Municipality	17 215 000	0	0
	45 585 000	24 388 000	25 323 000
<u>Other i.t.o. DORA</u>			
Electricity: INEP	3 300 000	6 500 000	10 000 000
Electricity: INEP (ESKOM)	103 000	450 000	473 000
EPWP Incentive grant	1 823 000	0	0
	5 226 000	6 950 000	10 473 000
TOTAL GRANTS	112 487 000	101 108 000	110 944 000
<u>Investments</u>			
Sanlam Shares	191 900	191 900	191 900
TOTAL INVESTMENTS	191 900	191 900	191 900

VICTOR KHANYE LOCAL MUNICIPALITY



COUNCILLOR ALLOWANCES
&
EMPLOYEE BENEFITS

2014/2015

EXECUTIVE SUMMARY																						
DIRECTORATE	SUB-TOTAL	PENSION	MEDICAL	GROUP	LEAVE BONUS	TRAVEL	CELL PHONE ALLOWANCE	HOUSING SUBSIDY	HOUSING ALLOWANCE	INCONVENIEN T ALLOWANCE	CLOTHING ALLOWANCE	SCARCITY ALLOWANCE	STANDBY	SHIFT	OVERTIME	TEMP WORKERS	INDUSTRIAL BOARD	UIF	SDI	SUB-TOTAL	TOTAL	
OFFICE OF THE MM	6 370 870	906 923	410 904	77 729	431 138	715 643	0	6 640	0	69 300	7 200	0	170 893	0	180 000	0	89 865	1 600	93 598	9 359 841	9 343 304	
BUDGET & TREASURY OFFICE	5 627 624	1 718 306	596 677	156 110	741 677	903 625	7 800	27 433	0	0	0	0	230 920	0	172 000	0	151 863	151 863	15 886 993	15 886 993		
CORPORATE SERVICES	7 492 015	1 011 084	340 701	89 110	471 613	373 392	2 244	20 738	0	0	0	0	20 000	0	150 000	1 300 000	112 762	2 315	11 276 219	11 301 743		
COMMUNITY DEVELOPMENT SERVICES	1 936 733	4 013 154	1 296 232	365 453	1 610 497	1 413 980	0	51 881	504	0	0	0	915 000	380 824	0	0	309 017	30 901 739	31 519 774	0		
TECHNICAL SERVICES	21 133 151	4 005 783	1 151 701	304 162	1 608 111	966 943	0	0	0	690	0	79 200	1 810 000	471 283	3 082 500	0	11 431	347 161	34 716 135	35 410 458		
WARD COMMITTEE MEMBER	1 188 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11 830	11 830	1 211 760	1 211 760		
TOTAL	66 138 393	11 655 250	3 796 221	1 055 664	4 863 036	4 383 583	10 044	138 931	1 134	69 300	7 200	79 200	3 146 813	852 107	5 099 500	1 300 000	31 824	1 022 549	1 026 282	102 628 201	104 677 032	
SUMMARY PER COST CENTRE																						
ALLO C	VOTE	SUB-TOTAL	PENSION	MEDICAL	GROUP	LEAVE BONUS	TRAVEL	CELL PHONE ALLOWANCE	HOUSING SUBSIDY	HOUSING ALLOWANCE	INCONVENIEN T ALLOWANCE	CLOTHING ALLOWANCE	SCARCITY ALLOWANCE	STANDBY	SHIFT/ SCARCITY	OVERTIME	TEMP WORKERS	INDUSTRIAL BOARD	UIF	SDI <td>SUB-TOTAL</td> <td>TOTAL</td>	SUB-TOTAL	TOTAL
COST CENTRE	1	2 082 043	458 049	162 494	36 922	153 836	489 678	0	0	0	0	0	0	0	0	0	0	720	30 204	33 937	3 393 744	3 457 885
STRATEGIC PLANNING	10	2 420 349	37 609	22 374	3 437	121 601	0	0	0	0	0	0	0	0	0	30 000	0	26 357	26 357	2 635 650	2 688 893	
MUNICIPAL MANAGEMENT	11	506 484	111 426	75 668	10 130	42 205	99 387	0	0	0	0	0	0	0	0	0	0	8 455	8 455	160	862 369	862 369
RISK MANAGEMENT	12	193 479	42 565	16 123	3 870	16 123	34 959	0	0	0	0	0	0	0	0	0	0	2 911	2 911	2 911	291 071	296 988
POLITICAL OFFICES	103	1 168 515	257 073	150 368	23 370	97 372	91 618	0	7 640	0	69 300	7 200	0	170 893	0	150 000	0	21 939	21 939	2 193 939	2 237 789	2 237 789
DIR. BUDGET & TREASURY	201	1 090 000	0	0	0	90 830	0	0	0	0	0	0	0	0	0	0	0	11 808	11 808	13 264 647	13 264 647	13 264 647
FINANCIAL SERVICES	200	8 840 361	1 696 908	596 677	154 264	642 742	903 625	7 800	27 423	0	0	0	0	230 920	0	160 000	0	13 646	13 646	140 791	143 607	1 204 446
STORES	320	97 263	21 398	0	1 945	0	0	0	0	0	0	0	0	0	0	12 000	0	1 408	1 408	1 408	143 607	143 607
DIR. CORPORATE SERVICES	301	1 054 065	0	0	0	87 635	0	0	0	0	0	0	0	0	0	150 000	1 300 000	0	11 419	11 419	1 141 900	1 141 900
CORPORATE SERVICES	310	727 763	898 524	265 794	81 887	341 181	271 875	0	20 738	0	0	0	20 000	0	0	0	0	91 244	91 244	912 437	9 306 863	9 306 863
IT	400	1 054 065	62 208	47 472	5 655	23 563	101 517	0	0	0	0	0	0	0	0	0	0	5 233	5 233	523 257	533 224	533 224
DIR. COMMUNITY SERVICES	403	884 308	0	0	0	87 835	0	0	0	0	0	0	0	0	0	85 000	0	11 419	11 419	1 141 900	1 141 900	1 141 900
LIBRARY	405	536 345	181 655	110 334	16 686	69 523	24 516	0	8 081	0	0	0	0	0	0	0	0	480	13 306	13 306	1 330 534	1 330 534
CEMETERY	406	586 345	117 996	49 004	0	0	0	0	0	0	0	0	0	0	0	0	0	795	795	795 069	795 069	795 069
PARKS & RECREATION	410	1 895 446	416 933	107 727	44 694	0	0	0	252	0	0	0	0	0	0	20 000	0	400	400	400 000	400 000	400 000
FIRE BRIGADE	421	2 802 622	638 377	288 312	37 903	157 923	65 688	0	5 736	126	0	0	15 000	0	240 000	29 680	1 440	29 680	2 965 047	3 027 409	3 027 409	
LICENSING	423	2 016 204	443 555	189 779	58 052	241 875	43 692	0	0	0	0	0	390 000	380 824	0	350 000	52 959	52 959	5 295 326	5 348 285	5 348 285	
TRAFFIC	425	2 317 541	509 859	250 169	46 351	193 121	729 025	0	12 360	0	0	0	450 000	0	70 000	0	1 280	31 386	3 138 602	3 201 374	3 201 374	
HERKLAND - SUB-ECONOMIC-HOUSING	451	76 727	0	0	0	0	0	1 122	0	0	0	0	0	0	0	0	0	0	49 396	49 396	4 939 826	5 038 418
MALITA - SUB-ECONOMIC-HOUSING	453	74 922	0	0	0	0	0	1 132	0	0	0	0	0	0	0	0	0	0	77 849	77 849	77 849	77 849
BOHOPHOOR FARM	457	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	76 044	76 044	76 044	76 044
ENVIRONMENTAL HEALTH	481	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DIR. TECHNICAL SERVICES	500	1 090 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMUNITY FACILITIES	503	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WORK SHOP	507	1 075 058	236 513	76 317	21 501	89 355	116 174	0	0	126	0	0	0	0	0	0	0	0	11 808	11 808	1 180 830	1 204 446
PUBLIC WORKS	510	5 210 209	953 973	287 209	86 725	361 339	522 980	0	11 472	0	0	0	0	0	2 500	0	480	16 183	16 183	1 618 254	1 650 619	
ELECTRICITY	530	4 176 349	90 779	64 305	267 928	100 441	0	7 396	0	0	0	79 200	250 000	0	400 000	0	2 800	76 767	7 676 707	7 830 242	7 830 242	
WATER	540	4 738 191	1 042 402	319 976	94 764	394 833	132 228	0	8 301	126	0	0	0	0	0	0	1 840	61 539	6 143 925	6 266 804	6 266 804	
SEWERGE PURIFICATION	550	4 572 863	1 005 920	366 237	91 447	381 015	95 119	0	5 730	378	0	0	0	0	0	0	2 875	92 553	9 355 326	9 440 432	9 440 432	
CLEANSING	560	7 770 501	1 704 570	276 424	155 410	647 516	341 617	0	25 704	126	0	0	0	0	0	0	3 435	84 713	8 471 299	8 640 724	8 640 724	
SAAMUJ SHOP STEWARD	301	228 416	50 252	30 441	4 568	19 034	0	0	0	0	0	0	60 000	0	320 000	0	5 761	113 076	11 307 628	11 533 791	11 533 791	
FINANCIAL INTERNSHIP	4101	600 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	80	332 791	332 791	332 791	332 791	332 791
PKU UNIT MIG FUNDED	4201	270 991	59 618	11 183	5 420	22 382	0	0	0	0	0	0	0	0	0	0	6 000	600 000	600 000	611 000	611 000	611 000
WARD COMMITTEE MEMBERS	101	1 188 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3 698	369 794	377 190	1 211 760	1 211 760
TOTAL	66 138 393	11 655 250	3 796 221	1 055 664	4 863 036	4 383 583	10 044	138 931	1 134	69 300	7 200	79 200	3 146 813	852 107	5 099 500	1 300 000	31 824	1 022 549	1 026 282	102 628 201	104 677 032	

COUNCILLOR ALLOWANCES : 2014/2015

	Number	Salary	Transport	Sub-Total	Cell Phone	Data Card	Total
Executive Mayor	1	581 683	145 421	727 104	22 385	3 862	753 351
Speaker	1	465 347	116 336	581 683	22 385	3 862	607 930
Council Whip	1	436 263	109 066	545 328	22 385	3 862	571 575
Mayoral Committee Members	3	1 308 788	327 197	1 635 985	67 155	11 585	1 714 726
Chairperson of MPAC	1	436 263	109 066	545 328	22 385	3 862	571 575
Councillors	11	1 919 552	479 894	2 399 445	246 236	42 479	2 688 160
		5 147 896	1 286 979	6 434 875	402 932	69 511	6 907 318

WARD COMMITTEE MEMBERS : 2014/2015

Quantity Members	Number of Wards	Salary	Adjustment 10.00%	SDI & UIF Benefits	TOTAL BUDGET
10	9	1 080 000	108 000	1 188 000	23 760 1 211 760

MUNICIPAL MANAGER AND SECTION 56 EMPLOYEES : 2014/2015

	Number	All Inclusive Salary	Performance Bonuses	Total
Municipal Manager	1	1 315 306	107 280	1 422 586
Chief Financial Officer	1	1 113 617	90 830	1 204 447
Director: Corporate Services	1	1 076 903	87 835	1 164 738
Director: Community Services	1	1 076 903	87 835	1 164 738
Director: Technical Services	1	1 113 617	90 830	1 204 447
		5 696 346	464 610	6 160 956

VICTOR KHANYE LOCAL MUNICIPALITY



CAPITAL EXPENDITURE DETAILS

2014/2015

Refer to Annexure B

VICTOR KHANYE LOCAL MUNICIPALITY



LEGISLATION COMPLIANCE STATUS

2014/2015

Council implemented all sections of legislation approved for implementation as per the dates promulgated by the relevant Minister.

No extensions or relieve were requested nor awarded.

VICTOR KHANYE LOCAL MUNICIPALITY



SUPPORTING TABLES

2014/2015

As Attached

VICTOR KHANYE LOCAL MUNICIPALITY



DETAILED OPERATING BUDGET

2014/2015

ANNEXURE A

VICTOR KHANYE LOCAL MUNICIPALITY

BUDGET

2014/2015 to 2016/2017

BUDGET SUMMARY

	Original Budget 2013/2014	Actual Projection 2013/2014	Year 1		Year 2		Year 3	
			Projected Budget 2014/2015	Variance % 2013 to 2014	Projected Forecast 2015/2016	Projected Forecast 2016/2017	Projected Forecast 2016/2017	Projected Forecast 2016/2017
Expenditure	288 161 188	312 309 527	316 841 915	10.0%	397 682 107	437 450 318	437 450 318	437 450 318
Revenue	-288 193 716	-302 991 460	-316 850 678	9.9%	-341 198 446	-375 318 291	-375 318 291	-375 318 291
Projected surplus	-32 528	9 318 068	-8 763		56 483 661	62 132 027	62 132 027	62 132 027

	Description	Audited Actual 2012/2013	Original Budget 2013/2014	Actual Projection 2013/2014	Projected Budget 2014/2015	Variance % 2012 to 2013	Projected Forecast 2015/2016	Projected Forecast 2016/2017
Income								
	Property rates	-40 112 921	-43 420 140	-44 594 436	-47 263 137	8.9%	-45 183 579	-49 701 937
	User charges for services	-115 230 179	-141 523 184	-147 003 549	-164 150 677	16.0%	-167 934 342	-184 727 777
	Rent of facilities and equipment	-2 230 752	-2 223 908	-2 273 837	-2 517 800	13.2%	-2 769 580	-3 046 538
	Interest earned - External investments	-1 298 173	-905 425	-908 058	-976 162	7.8%	-1 073 779	-1 181 156
	Interest earned - Outstanding debtors	-18 602 306	-20 481 817	-20 685 162	-21 098 865	3.0%	-23 208 752	-25 529 627
	Fines	-262 972	-127 847	-152 817	-501 000	291.9%	-551 100	-606 210
	Licenses & permits	-2 677 960	-2 293 191	-2 335 280	-3 001 500	30.9%	-3 301 650	-3 631 815
	Income from agency services	-8 651 345	-11 821 113	-12 890 762	-14 298 000	21.0%	-15 727 800	-17 300 580
	Operating grants and subsidies	-55 634 148	-58 109 000	-61 742 191	-61 676 000	6.1%	-67 843 600	-74 627 960
	Government contributions PPE	-29 402 753	0	-494 040	0	0.0%	0	0
	Fair value adjustment	-20 705	-5 267	-20 907	-22 475	326.7%	-24 723	-27 195
	Income - Other (Departmental)	-2 939 555	-3 762 853	-3 716 073	-2 018 987	-46.3%	-4 282 934	-4 711 228
	Income - Other	-4 675 919	-1 364 269	-2 563 287	-1 625 354	19.1%	-1 787 889	-1 966 678
	Less income foregone	-281 739 688	-286 038 014	-299 380 397	-319 149 957	11.6%	-333 689 728	-367 058 701
	Operating income generated	5 233 347	2 155 702	3 611 063	-2 299 279	-206.7%	3 354 476	3 689 924
	Direct operating income	-286 973 035	-288 193 716	-302 991 460	-316 850 678	9.9%	-337 044 204	-370 748 624
	Total operating income	-286 973 035	-288 193 716	-302 991 460	-316 850 678	9.9%	-337 044 204	-370 748 624
Expenditure								
	Employee related costs - Wages/Salaries	67 040 076	69 038 518	70 023 278	86 166 741	24.8%	94 829 831	104 312 814
	Employee related costs - Social contributions	13 135 199	14 843 024	14 843 921	19 013 103	29.4%	20 996 569	23 096 226
	Remuneration of councillors	5 438 255	5 353 752	5 893 608	6 907 318	29.0%	7 598 050	8 357 855
	Debt impairment	-90 859 236	19 935 366	46 772 442	20 000 000	0.3%	22 000 000	24 200 000
	Collection costs	22 973	535 000	0	254 625	-52.4%	825 000	907 500
	Depreciation	43 712 761	5 979 419	5 979 419	6 228 000	4.2%	6 850 800	7 535 880
	Repairs & Maintenance - Municipal assets	18 175 609	21 424 280	23 015 445	16 129 691	-24.7%	41 276 722	45 404 394
	Interest expense - External borrowings	909 498	1 339 204	1 756 755	1 908 900	42.5%	2 099 790	2 309 769
	Redemption payments - External borrowings	0	4 793 530	0	5 272 883	10.0%	5 800 171	6 380 188
	Bulk purchases	65 951 950	94 579 418	93 174 638	104 809 989	10.8%	110 179 009	121 196 910
	Contracted services	9 462 603	7 395 591	7 196 339	6 619 089	-10.5%	12 478 804	13 726 684
	Grants & subsidies paid	11 001 007	8 588 122	10 136 442	37 345	-99.6%	12 014 803	13 216 283
	Other expenses - General	30 716 587	28 429 318	27 590 499	36 136 107	27.1%	48 700 649	53 570 714
	Other expenses - Departmental	3 373 044	3 779 180	5 120 117	1 840 124	-51.3%	5 962 110	6 558 321
	Donations to the public	2 468 995	0	0	0	0.0%	0	0
	Loss on disposal of assets	8 815	0	0	0	0.0%	0	0
	Direct operating expenditure	180 558 136	285 863 722	311 502 900	311 323 915	8.9%	391 612 307	430 773 538
	Contributions from operating to capital	83 322	2 297 466	806 627	5 518 000	140.2%	6 069 800	6 676 780
	Total operating expenditure	180 641 458	288 161 188	312 309 527	316 841 915	10.0%	397 682 107	437 450 318
	Unappropriated surplus	-106 331 577	-32 528	9 318 068	-8 763		60 637 903	66 701 694

Unappropriated surplus

LINE ITEM SUMMARY:						
Vote nr.	Description	Original Budget 2013/2014	Actual Projection 2013/2014	Projected Budget 2014/2015	Variance % 2013 to 2014	Projected Forecast 2015/2016 2016/2017
EXPENDITURE						
SALARIES, WAGES & ALLOWANCES						
3001	Employee related costs - Wages/Salaries	83 844 423	84 990 662	105 179 844	25.4%	118 149 448
3017	Travelling allowance	60 582 685	60 485 609	75 383 658	24.4%	85 177 629
3041	Overtime	3 811 388	4 427 207	4 383 583	15.0%	4 864 806
3053	Temporary workers	3 465 996	4 637 531	5 099 500	47.1%	5 609 450
3101	Employee related costs - Social contribution	1 291 330	596 396	1 300 000	0.7%	880 000
		14 693 024	14 843 921	19 013 103	29.4%	21 617 563
GENERAL EXPENDITURE						
		154 526 919	154 967 597	162 832 597	5.4%	203 614 370
3401	Allowances: Councillors	5 353 752	5 893 608	6 907 318	29.0%	6 969 191
3601	Debt collection	535 000	0	254 625	-52.4%	825 000
3701	Depreciation cost	5 979 419	5 979 419	6 228 000	4.2%	6 850 800
4103	Electricity purchases	76 370 915	74 015 994	82 689 682	8.3%	87 523 913
4105	Water purchase	18 095 622	19 035 180	22 120 307	22.2%	22 509 100
4201	Insurance	622 175	453 338	587 455	-5.6%	646 201
4202	Plan fees	0	0	52 962	100.0%	171 600
4211	Legal & professional fees	703 340	614 600	339 500	-51.7%	1 100 000
4221	Prof. fees: Unbundling of assets (GRA)	600 000	555 927	1 000 000	66.7%	1 100 000
4223	Security services	4 470 076	4 740 855	4 299 672	-3.8%	8 361 003
4225	Property valuation costs	1 000 000	831 620	339 500	-66.1%	1 100 000
4321	Subsidy forgone	8 525 320	10 058 184	0	-100.0%	11 893 803
4341	Subsidy: Indigent funerals	6 836	6 075	11 883	73.8%	38 500
4343	Communal taps	55 966	72 183	25 463	-54.5%	82 500
4401	Advertisement costs	686 931	746 715	271 600	-60.5%	880 000
4403	Calibration/certifying	41 373	34 391	16 975	-59.0%	55 000
4405	Chemicals	1 800 000	1 530 084	2 950 000	63.9%	3 740 000
4407	Cleanest ward comp.	81 314	78 000	-20 370	-74.9%	66 000
4409	Cleaning & Greening program	100 000	0	75 000	-25.0%	0
4411	Community awareness projects	21 218	17 372	6 111	-71.2%	19 800
4413	Ward Committees / Community camp.	139 856	144 821	154 320	10.3%	176 000
4415	Communication unit	800 000	1 105 356	271 600	-66.1%	880 000
4417	Mayoral / Community projects	1 000 000	1 029 051	339 500	-66.1%	1 100 000
4421	Software Program: Technical services	50 000	58 476	1 460 000	2820.0%	1 881 000
4423	Consumable items (Fire services)	20 086	20 195	6 790	-66.2%	22 000
4425	Crockery	500	0	340	-32.1%	1 100
						1 210

LINE ITEM SUMMARY:							
Vote nr.	Description	Original Budget 2013/2014	Actual Projection 2013/2014	Projected Budget 2014/2015	Variance % 2013 to 2014	Projected Forecast 2015/2016	Projected Forecast 2016/2017
4427	Deeds registration	1 210	0	502 377	41418.8%	7 700	8 470
4430	Electricity consumption	2 570 111	3 921 584	1 386 688	-46.0%	4 492 950	4 942 245
4432	Sanitation fees	53 014	53 016	18 876	-64.4%	61 160	67 276
4433	Water consumption	1 139 480	1 145 517	410 795	-63.9%	1 331 000	1 464 100
4437	Disaster management	1 500	0	8 488	465.8%	27 500	30 250
4439	Dissecting / analysing costs	404 500	505 947	590 000	45.9%	649 000	713 900
4441	Entertainment costs	336 555	317 505	89 968	-73.3%	291 500	320 650
4447	Water consumption: FC Dumat	16 575	0	23 765	43.4%	77 000	84 700
4449	Banking fees	822 062	673 301	288 575	-64.9%	935 000	1 028 500
4451	Engineering services	319 416	276 515	135 800	-57.5%	440 000	484 000
4453	Audit fees (External)	4 246 131	3 700 127	4 130 000	-2.7%	4 543 000	4 997 300
4455	Membership fees	914 332	913 412	425 000	-53.5%	460 900	506 990
4457	Postal fees - Accounts	698 159	776 901	290 952	-58.3%	942 700	1 036 970
4459	Postal fees	442	0	849	92.0%	2 750	3 025
4460	Computer software / System upgrades	500 000	604 896	650 000	30.0%	715 000	786 500
4461	Licence fees: Software	1 111 808	1 095 509	1 100 000	-1.1%	66 000	72 600
4463	Levy: Dept of Transport (Traffic)	1 688	474	4 481	165.5%	14 520	15 972
4467	Licences	8 782	6 423	5 228	-40.5%	16 940	18 634
4469	Literature & publications	10 050	0	27 160	170.2%	88 000	96 800
4473	Pauper funerals	24 129	24 750	100 000	314.4%	13 200	14 520
4475	Pensions & gratuities	935 605	906 441	1 050 000	12.2%	1 078 000	1 185 800
4477	Pest control	108 494	76 800	66 203	-39.0%	214 500	235 950
4478	Pre-paid system fees	2 500	0	0	-100.0%	0	0
4479	Printing & stationery	501 055	485 072	553 012	10.4%	1 791 790	1 970 969
4438	Squatters: re-allocation	0	0	1 000 000	0.0%	440 000	484 000
4481	Printing & stationery (Fin)	144 648	154 574	197 000	36.2%	216 700	238 370
4482	Performance Management System	500 000	0	400 000	-20.0%	440 000	484 000
4483	Refuse containers & bags	148 603	166 350	750 000	404.7%	165 000	181 500
4485	Chemical toilets	59 340	40 703	500 000	742.6%	550 000	605 000
4487	Rent: Machinery & equipment	656 418	584 154	837 000	27.5%	920 700	1 012 770
4491	Revision of plans (LED/PMS/IDP)	2 000 000	1 641 171	509 250	-74.5%	1 650 000	1 815 000
4493	Policy drafting	90 000	0	33 950	-62.3%	110 000	121 000
4495	Safety clothes	469 837	480 635	695 889	48.1%	1 323 795	1 456 175
4497	Seed & plants	500	0	1 358	171.6%	4 400	4 840
4499	Software Program: Data center	625 000	901 664	3 500 000	460.0%	3 850 000	4 235 000

LINE ITEM SUMMARY:							
Vote nr.	Description	Original Budget 2013/2014	Actual Projection 2013/2014	Projected Budget 2014/2015	Variance % 2013 to 2014	Projected Forecast 2015/2016	Projected Forecast 2016/2017
4501	Sport & recreation	150 000	198 330	56 018	-62.7%	181 500	199 650
4503	Stock & material	65 381	71 510	33 867	-48.2%	109 730	120 703
4505	Strategic planning (Lekgotla)	143 198	124 638	44 135	-69.2%	143 000	157 300
4507	Summits / Community Cen. Celebration	60 052	9 773	603 395	904.8%	11 000	12 100
4509	Telephone costs	978 216	1 176 333	1 100 000	12.4%	1 272 150	1 399 365
4511	Town development costs	500 000	545 175	669 750	34.0%	550 000	605 000
4515	Training & literature	753 557	908 553	1 101 000	46.1%	283 250	311 575
4517	Travelling & subsistence	1 484 622	1 624 893	574 774	-61.3%	1 862 300	2 048 530
4519	Trees & shrubs	493	90	1 019	106.6%	3 300	3 630
4520	Occupational health & safety (SHE)	283 005	176 027	277 711	-1.9%	899 800	989 780
4521	Vehicle costs	3 068 469	3 350 831	5 623 012	83.3%	9 630 624	10 593 687
4523	Water research	151 150	112 923	101 850	-32.6%	330 000	363 000
4525	Youth / LED	524 663	491 412	669 750	27.7%	550 000	605 000
4530	SPCA - Impound of animals	65 752	49 343	165 000	150.9%	181 500	199 650
4533	Employee wellness program	40 461	1 649	200 000	394.3%	550 000	605 000
4537	Transversal & HIV/AIDS	7 000	0	550 000	7757.1%	0	0
4539	Organizational re-design	120 000	0	271 600	126.3%	880 000	968 000
4541	Medical testing of staff	5 000	0	64 505	1190.1%	209 000	229 900
4543	IEC office - subsidies paid	-355 743	-348 756	13 580	-103.8%	44 000	48 400
REPAIR & MAINTENANCE		21 424 280	23 015 445	16 129 691	-24.7%	41 496 722	45 646 394
3801	Bore holes and networks	1 445 775	1 271 514	755 146	-47.8%	2 310 000	2 541 000
3803	Buildings: FC Dumat	0	0	67 900	100.0%	220 000	242 000
3805	Buildings: FC Dumat & lift	50 000	55 761	13 580	-72.8%	44 000	48 400
3807	Buildings: Offices	15 634	8 042	533 167	3310.3%	2 271 500	2 498 650
3809	Buildings: Offices - Electrical	204 468	201 215	169 750	-17.0%	550 000	605 000
3811	Buildings: Residents	249 536	246 194	107 112	-57.1%	347 050	381 755
3813	Buildings: Residents - Electrical	1 000	0	3 395	239.5%	11 000	12 100
3815	Buildings: Workshop	0	0	84 875	100.0%	275 000	302 500
3817	Buildings: Workshop - Electrical	700	0	6 790	870.0%	22 000	24 200
3819	Fire protection equipment	2 000	0	29 981	1399.1%	32 340	35 574
3821	Radio equipment	25 999	18 957	25 463	-2.1%	82 500	90 750
3823	General	174 851	135 495	40 765	-76.7%	132 081	145 290
3825	Tools & machinery/equipment	174 932	205 532	175 888	0.5%	569 888	626 877
3827	Material general	1 318 047	1 343 277	661 346	-49.8%	2 142 800	2 357 080

LINE ITEM SUMMARY:							
Vote nr.	Description	Original Budget 2013/2014	Actual Projection 2013/2014	Projected Budget 2014/2015	Variance % 2013 to 2014	Projected Forecast 2015/2016	Projected Forecast 2016/2017
3829	Network electrical	1 393 422	1 354 145	765 573	-45.1%	2 480 500	2 728 550
3831	Networks general	2 666 879	3 526 382	1 283 310	-51.9%	4 158 000	4 573 800
3833	Network: Street lights	51 675	45 566	44 135	-14.6%	143 000	157 300
3835	Office machinery/equipment	117 240	73 181	685 064	484.3%	2 219 648	2 441 613
3837	Purification works: Electrical	7 000	0	23 765	239.5%	77 000	84 700
3839	Purification works: General	1 650 000	2 194 452	746 900	-54.7%	2 420 000	2 662 000
3840	Sludge removal	200	0	0	-100.0%	0	0
3841	Replacement of water meters	4 000	0	16 975	324.4%	55 000	60 500
3843	Refuse disposal site	4 028 175	4 281 411	1 176 000	-70.8%	1 293 600	1 422 960
3845	Re-placement: pre-paid elect. Meters	36 372	30 501	27 160	-25.3%	88 000	96 800
3847	Replacing of valves	3 000	0	11 883	296.1%	38 500	42 350
3849	Computer hardware/software	1 500 000	1 755 603	906 465	-39.6%	2 937 000	3 230 700
3851	Test: Meters	4 500	0	20 370	352.7%	66 000	72 600
3853	Vehicles	2 531 465	2 804 805	2 770 108	9.4%	8 975 315	9 872 846
3855	Vending machines	220 000	89 400	152 775	-30.6%	495 000	544 500
3857	WTP: Maintenance	1 082 264	1 073 273	2 500 000	131.0%	2 750 000	3 025 000
3858	Maintenance of traffic lights	5 500	0	1 237 650	22402.7%	770 000	847 000
3860	Replacement of obsolete infrastructure	864 981	753 455	679 000	-21.5%	2 200 000	2 420 000
4527	Information boards/signs	0	0	67 900	100.0%	220 000	242 000
3862	Replacement of obsolete equipment	1 594 665	1 547 289	339 500	-78.7%	1 100 000	1 210 000
CAPITAL COSTS (LOANS)		6 132 734	1 756 755	7 181 783	17.1%	7 899 961	8 689 957
3901	Interest: External loans	1 339 204	1 756 755	1 908 900	42.5%	2 099 790	2 309 769
6284	Redemption: External loans	4 793 530	0	5 272 883	10.0%	5 800 171	6 380 188
CONTRIBUTIONS TO CAPITAL		2 297 466	806 627	5 518 000	140.2%	6 069 800	6 676 780
6282	Contributions	2 297 466	806 627	5 518 000	140.2%	6 069 800	6 676 780
CONTRIBUTIONS TO FUNDS/RESERVES		19 935 366	46 772 442	20 000 000	0.3%	22 000 000	24 200 000
3501	Provision Bad Debts / WCR	19 935 366	46 772 442	20 000 000	0.3%	22 000 000	24 200 000
Net expenditure		288 161 188	312 309 528	316 841 915	10.0%	399 230 302	439 153 331

LINE ITEM SUMMARY:							
Vote nr.	Description	Original Budget 2013/2014	Actual Projection 2013/2014	Projected Budget 2014/2015	Variance % 2013 to 2014	Projected Forecast 2015/2016	Projected Forecast 2016/2017
213	Property tax	-43 420 140	-44 594 437	-47 263 137	8.9%	-49 337 821	-54 271 604
413	Electricity sales	-66 210 538	-71 893 107	-77 410 565	16.9%	-81 131 343	-89 244 477
418	Pre-paid electricity sales	-23 832 736	-24 090 438	-26 138 125	9.7%	-27 500 000	-30 250 000
419	Electricity sales: Departmental	-3 439 877	-3 347 565	-1 818 772	-47.1%	-3 850 000	-4 235 000
433	Water sales	-37 045 226	-37 620 230	-39 845 949	7.6%	-43 670 000	-48 037 000
439	Water sales: Departmental	-269 962	-315 495	-171 412	-36.5%	-374 000	-411 400
453	Sewerage / Sanitation levies	-7 856 625	-7 993 893	-8 673 374	10.4%	-8 822 000	-9 704 200
459	Sewerage / Sanitation: Departmental	-27 437	-27 437	-14 907	-45.7%	-30 800	-33 880
473	Refuse removal / Cleansing levies	-8 733 761	-9 016 944	-9 783 385	12.0%	-10 165 476	-11 182 024
479	Refuse removal: Departmental	-25 577	-25 577	-13 896	-45.7%	-28 134	-30 948
703	Rental: Buildings	-1 126 738	-1 146 650	-1 300 000	15.4%	-1 430 000	-1 573 000
705	Rental: Machinery / Equipment	-9 464	-9 201	-10 000	5.7%	-11 000	-12 100
707	Rental: Estates	-4 185	-3 723	-3 800	-9.2%	-4 180	-4 598
709	Rental: FC Dumat (Perm.)	-549 536	-556 095	-600 000	9.2%	-660 000	-726 000
711	Rental: Halls	-11 362	-18 398	-20 000	76.0%	-22 000	-24 200
715	Rental: Malita / Herfsland	-374 674	-374 934	-404 000	7.8%	-444 400	-488 840
719	Rental: Residential	-147 949	-164 837	-180 000	21.7%	-198 000	-217 800
803	Interest: Current account	-905 425	-908 058	-976 162	7.8%	-1 073 779	-1 181 156
1001	Interest: Arrear municipal accounts	-20 481 817	-20 685 162	-21 098 865	3.0%	-23 208 752	-25 529 627
1301	Court / Traffic fines	-126 801	-151 902	-500 000	294.3%	-550 000	-605 000
1303	Library penalties	-1 046	-915	-1 000	-4.4%	-1 100	-1 210
1401	Drivers licence income	-2 292 088	-2 333 807	-3 000 000	30.9%	-3 300 000	-3 630 000
1405	Trading licences	-1 103	-1 473	-1 500	36.0%	-1 650	-1 815
1505	Supply of information: Veh. accidents	-16 153	-17 433	-18 000	11.4%	-19 800	-21 780
1509	Vehicle permits	-277 515	-272 442	-280 000	0.9%	-308 000	-338 800
1511	Vehicle registration subsidy	-11 527 445	-12 600 887	-14 000 000	21.4%	-15 400 000	-16 940 000
1617	Financial Grants from Nat. Governm.	-3 015 000	-3 015 000	-1 600 000	-46.9%	-1 760 000	-1 936 000
1619	Inter-Governmental Grant (IGG)	-54 204 000	-57 837 191	-59 142 000	9.1%	-65 056 200	-71 561 820
1621	Grant: MSIG	-890 000	-890 000	-934 000	4.9%	-1 027 400	-1 130 140
1701	Certificates: Traffic	-532	-467	-22 137	4061.1%	-24 351	-26 786

LINE ITEM SUMMARY:							
Vote nr.	Description	Original Budget 2013/2014	Actual Projection 2013/2014	Projected Budget 2014/2015	Variance % 2013 to 2014	Projected Forecast 2015/2016	Projected Forecast 2016/2017
1705	Clearance certificates	-114 700	-113 528	-130 557	13.8%	-143 613	-157 974
1709	Commission on recoverings	-66 126	-67 851	-73 000	10.4%	-80 300	-88 330
1711	Copies: building plans	-5 463	-4 781	-5 000	-8.5%	-5 500	-6 050
1717	Advertisement Fees	-6 068	-6 023	-6 500	7.1%	-7 150	-7 865
1719	Building plan fees	-218 208	-205 931	-210 000	-3.8%	-231 000	-254 100
1721	Cemetery fees	-141 434	-148 038	-150 000	6.1%	-165 000	-181 500
1725	Fire Services fees	-20 524	-19 487	-20 000	-2.6%	-22 000	-24 200
1727	Library books lost	-333	-368	-400	20.1%	-440	-484
1729	Library membership fees	-9 946	-10 236	-11 000	10.6%	-12 100	-13 310
1733	Reconnection fees: Electricity	-3 180	-3 714	-3 800	19.5%	-4 180	-4 598
1737	Town planning fees	-76 797	-85 749	-86 000	12.0%	-94 600	-104 060
1739	Vehicle testing fees	-10 590	-14 100	-35 770	237.8%	-39 347	-43 282
1743	Maintenance contribution: Sport clubs	-3 600	-3 600	-3 880	7.8%	-4 268	-4 695
1745	Test of meters	-203	-198	-200	-1.5%	-220	-242
1749	Photo copies sold: Libraries	-7 181	-6 912	-7 500	4.4%	-8 250	-9 075
1753	Pre-paid meters	-6 226	-6 777	-7 300	17.3%	-8 030	-8 833
1759	RD cheque costs recovered	-3 495	-3 473	-4 019	15.0%	-4 421	-4 863
1767	Sewerage blockings	-386 541	-409 541	-415 000	7.4%	-456 500	-502 150
1769	Special readings: Electricity	-14 302	-15 758	-15 800	10.5%	-17 380	-19 118
1771	Special readings: Water	-60 410	-62 832	-68 000	12.6%	-74 800	-82 280
1777	Sundry income	-208 410	-1 867 969	-349 490	67.7%	-384 440	-422 884
1900	Fair value adjustment	-5 267	-20 907	-22 475	326.7%	-24 723	-27 295
		-288 193 716	-302 991 462	-316 850 678	9.9%	-341 198 447	-375 318 392
	OPERATIONAL SURPLUS	-32 528	9 318 066	-8 763		58 031 855	63 834 939

VICTOR KHANYE LOCAL MUNICIPALITY



DETAILED CAPITAL PROGRAMME

2014/2015

ANNEXURE B

VICTOR KHANYE LOCAL MUNICIPALITY

CAPITAL PROGRAM

2014/2015 to 2016/2017

	DETAILS	IDP Program	PROJECTED BUDGET - 2014/2015		TOTAL	FUNDING SOURCE	2015/16	2016/17
			PURCHASED / NEW	CONSTRUCTED / REPLACEMENT				
1	2	3	4	5	6	7	8	9
	CAPITAL EXPENDITURE							
1	Executive & Council	PP	0	0	0		0	0
	Office furniture & equipment	103	0			Revenue	0	0
	Office furniture & equipment	10	0			Revenue	0	0
	Computer equipment	310	0			Revenue	0	0
2	Budget & Treasury	RE / GGC	400 000	0	400 000		250 000	300 000
	Finance: Office furniture & equipment - SCOA	201	400 000			Revenue	250 000	300 000
3	Corporate Services	TSD	200 000	0	200 000		0	0
	Office furniture & equipment	301	200 000			Revenue	0	0
4	Public Safety	TSS /ES	1 000 000	0	1 000 000		0	0
	Transportation vehicle	421	0			Revenue	0	0
	Upgrading of Control Room		0			Revenue		
	Weighbridge	TSS09-201	1 000 000			NDM		
5	Waste management: Solid Waste	EWB	7 343 000	0	7 343 000		0	0
	Furniture new offices	EWH01-201	100 000			Revenue		
	Distributing 5000 240l wheely bins	EWH02-201	0			Revenue		
	Development of the 2nd phase of the landfill site	EWH03-201	5 000 000			NDM		
	Development of a recycling strategy	EWH04-201	200 000			NDM		
	Dilation of wetlands	EWH06-201	500 000			NDM		
	Development of an Environmental Management Plan		400 000			NDM		
	Skip loader truck		815 000			NDM		
	Modification of trucks to lift wheely bins (2)	560	328 000			Revenue		
6	Community facilities	PF	2 090 000	0	2 090 000		2 500 000	2 500 000
	Upgrade of Delmas & Sundra Library	PE02-2013	0			Revenue		
	Marketing strategy for the libraries	PE03-2013	0			Revenue		
	Development of a new cemetery	EWH07-201	500 000			NDM		
	Application for amendment of licence to extend the	EWH05-201	0			Revenue	*	
	Upgrading of Community halls		1 000 000			NDM		
	Replacement of asbestos roof of main office	503	450 000			Revenue		
	Fencing of Botleg X5-7	503	0			Revenue	2 500 000	2 500 000
	Airconditioners	503	140 000			Revenue		
7	Parks, Sport & Recreation	PCC	4 035 500	0	4 035 500		3 658 200	3 798 450
	Upgrading of all municipal sport facilities	4 201	3 535 500			MIG	3 658 200	3 798 450
	Dilation of wetlands	EWH06-201	500 000			NDM		
	Construction of 10 Market Stalls	410	0			Revenue		
	Feasibility study for construction of SMMEs Industr Hub	410	0			Revenue		
8	Waste Management: Sanitation	WS	5 290 000	0	5 290 000		0	0
	Fencing Golf course station	550	0			Revenue		
	Upgrade sewer line Delmas X14	550	0			Revenue		
	Tractor MIN 55KW	550	250 000			Revenue		
	Slasher	550	40 000			Revenue		
	Vector Combination unit		5 000 000			NDM		
	Sewer treatment Savanna	550	0			Revenue		
	Rock removal Botleg X5-7	550	0			Revenue		
	Construction of water and sanitation	550	0			Revenue		
	New sewer pump station Eloff	550	0			Revenue		
	Sewer disposal site Eloff	550	0			Revenue		
9	Road Transport	RSW	7 387 600	0	7 387 600		6 584 760	7 596 900
	Tarring of roads and stormwater drainage	4 201	6 027 600			MIG	6 584 760	7 596 900
	Construction of roads	5 100	0			Revenue		
	Grading of municipal sport facilities	510	0			Revenue		
	Rebuild of Oud Street	510	0			Revenue		
	Rebuild of Road 4 UF	510	0			Revenue		
	McCain road	510	0			Revenue		
	Grader	510	0			Revenue		
	3 Ton Truck (1)	510	400 000			Revenue		
	Pedestrian roller (1)	510	100 000			Revenue		
	Concrete cutter	510	0			Revenue		
	Plate compactor	510	60 000			Revenue		
	Tipper trucks 10cub (1)		500 000			NDM		
	TLB	510	0			Revenue		
	Pedestrian bridge Delpark X2		300 000			NDM		
10	Water	WS	11 550 000	0	11 550 000		10 730 720	11 395 350
	Water and sanitation services for new developments	4 201	10 000 000			MIG	10 730 720	11 395 350
	Repair of reservoirs	540	0			Revenue		
	Busch cutters (4)	540	50 000			Revenue		
	Boreholes 5 in rural areas	4 701	1 500 000			DOE		
	Connection Randwater to Botleg reservoir	540	0			Revenue		
11	Electricity	ES	11 806 900	0	11 806 900		17 414 320	16 532 300
	High mast lights	4 201	4 006 900			MIG	3 414 320	2 532 300
	Connection of elec to all wards	530	0			Revenue		
	Delmas North 20MVA substation	530	0			Revenue	1 000 000	1 000 000
	Replace 100KVA with 200KVA transformer	530	500 000			Revenue		
	Upgrade 11KVA overline	530	1 000 000			Revenue		
	Crane truck		1 500 000			NDM		
	Energy saving to replace old fittings	530	0			Revenue		
	Smart metering	530	0			Revenue	11 000 000	11 000 000
	Electrification of new development	4 701	3 300 000			DOE		
	Provision of high mast lights	530	0			Revenue		
	Electr to all wards	5 300	500 000			Revenue		
	Delmas X17 electr	530	0			Revenue		
	Ring feed Bot 2-7 electr	530	1 000 000			Revenue	2 000 000	2 000 000
	TOTAL CAPITAL EXPENDITURE		51 103 000	0	51 103 000		41 138 000	42 123 000
	SOURCE OF FINANCE							
	Contributions from revenue				5 518 000		65 367 800	16 800 000
	Municipal Infrastructure Grant (MIG)				23 570 000		24 388 000	25 323 000
	Department of Energy				4 800 000		0	0
	Other: Grant: Nkangala DM				17 215 000		0	0
	TOTAL CAPITAL FUNDING				51 103 000		89 755 800	42 123 000

NOTE: 1. Carry-over projects are only an estimation at this stage as the actual figure will be determined with greater accuracy closer to financial year-end.

VICTOR KHANYE LOCAL MUNICIPALITY



BUDGET RELATED POLICIES

2014/2015

ANNEXURE C



VICTOR KHANYE LOCAL MUNICIPALITY

**RATES POLICY
1 JULY 2014 - 30 JUNE 2015**

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1. INTRODUCTION

The Local Government Municipal Property Rates Act 2004 Act 6 of 2004 (Herein after referred to as the MPRA) requires municipalities to develop, adopt and implement a rates policy in consistent with the provisions of Section 3(1) of the of the MPRA as well as Section 62(1) (f) (ii) of the Municipal Finance Management Act, 2003, Act No. 56 of 2003 (Herein after referred to as the MFMA).

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDP) and municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDP) and budget processes, which a municipality invites communities to input prior municipal council adoption of the budget.

The rates policy is the outcome of a community participation process followed in terms of the provisions of Section 4 of the of the MPRA and final adoption by the Council and sets out the policy of the Victor Khanye Local Municipality for levying rates on rateable property. In applying its rates policy, the Council shall adhere to all requirements of amongst other the MPRA and MFMA including any regulations promulgated in terms of these acts'

The municipality will as part of each annual operating budget impose a rate in the rand on the market value of all rateable properties as recorded in the municipality's valuation roll(s). Rateable property shall include any rights registered against such property, with the exception a mortgage bond. Generally, all land within a Council area is rateable unless it is specially exempted as set out in section 15 of the MPRA. Such exemption includes cemeteries, amateur sport grounds and properties owned by welfare organisation.

A municipality must adopt a rating policy which sets out the broad policy framework, within which the Council rates its area (Section 3), and must annually review and if necessary amend its rates policy (Section 5)

2. LEGISLATIVE FRAMEWORK

2.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.

2.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.

2.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-

- a. Section 2(1), may levy a rate on property in its area; and
- b. Section 2(3), must exercise its power to levy a rate on property subject to-
 - i. Section 229 and any other applicable provisions of the Constitution;
 - ii. the provisions of the Property Rates Act and any regulations promulgated in terms thereof; and
 - iii. the rates policy.

2.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.

2.5 In terms of Section 62(1) (f) (ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.

2.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof from time to time.

3. DEFINITIONS

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned is subject to that contained in the Act.

Act	Means the Local Government: Municipal Property Rates Act,
Agricultural	In relation to the use of a property, excludes the use of a property for the purpose of eco - tourism or for the trading in or hunting of game.
Business	Means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

Commercial	Means land used or a building designed or used for such purpose as distribution centres, wholesale trade, storage, computer centres, warehouses, cartage and transport services and laboratories and may also include offices such as are usually ancillary to or reasonable necessary in connection with the main use.
Consent Use	The written consent of the Local Authority in terms of Column 4 of Table B of the Delmas Town Planning Scheme to be read in conjunction with Clause 22 at the consideration of which the Local Authority takes cognisance of the need and desirability of the use
Indigent	Means any household that is legally resident in the Country and reside in Victor Khanye Local Municipality's jurisdictional area, who due to a number of economic and social factors is unable to pay Municipal basic services and registered as indigent in terms of the Indigent
Industrial	Means a branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.
Mining	Any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto.
Multiple Use Properties	Properties that cannot be assigned to a single category due to Different uses.
Newly Rateable Property	Any rate able property on which property rates were not levied by 30June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.
Non-urban land	Means any land that is not defined as urban land but that is used for residential and or agricultural purpose or is not in use. Where the whole or a portion of non-urban land is used for business, industrial or mining purpose the market of such land or portion of it must be recorded separately in the valuation roll and rated according to the applicable category

Owner	<p>'owner'-</p> <p>(a) in relation to a property referred to in paragraph (a) of the definition of 'property', means a person in whose name ownership of the property is registered;</p> <p>(b) in relation to a right referred to in paragraph (b) of the definition of 'property', means a person in whose name the right is registered;</p> <p>(c) in relation to a land tenure right referred to in paragraph (c) of the definition of 'property', means a person in whose name the right is registered or to whom it was granted in terms of legislation; or</p> <p>(d) in relation to public service infrastructure referred to in paragraph (d) of the definition of 'property', means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of 'publicly controlled', provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:</p> <ul style="list-style-type: none"> (i) A trustee, in the case of a property in a trust excluding state trust land; (ii) an executor or administrator, in the case of a property in a deceased estate; (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation; (iv) a judicial manager, in the case of a property in the estate of a person under judicial management; (v) a curator, in the case of a property in the estate of a person under curatorship; (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude; (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
Property	<p>Means;</p> <p>'property' means-</p> <p>(a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;</p> <p>(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;</p> <p>(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or</p>
Public Benefits Organization	An organization conducting specified public benefit activities as defined in the Act and exempted in terms of the Income Tax Act because of those activities.
Public service	Publicly controlled infrastructure as defined in the act

Protected Area	An area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003.
Residential	A suit of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and undertaking, hostel and place of instruction.
Special Use	Means land used or a building designed or used for any use other than one of the uses specifically defined and mentioned in the Delmas Town Planning Scheme
State Owned Properties	Properties owned by the State, Which are not included in the definition of public service infrastructure in the Act.
Urban land	Means land that is situated within a proclaimed township or where the township register has been opened in terms of the
Municipality	Means the Victor Khanye Local Municipality
Market Value	'Market value', in relation to a property, means the value of the property determined in accordance with section 46; the market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.
Municipal property	Means any rateable or non-rateable property owned by Victor Khanye Local Municipality
Private Open Space	Private open spaces within a residential complex which comprises: 1. Recreational where membership is not required,
Public Open Space	Means an open space to which the general public has access and includes, inter alia, a park, garden, play park, recreational park or square
Vacant Land	A land where no immovable improvements have been erected.
Zoning	Means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in any applicable Town Planning Scheme and "zoned" has corresponding meaning.

4. STRATEGIC FOCUS

In determining the rate on property, exemptions, rebates and reductions the Council has considered the following:

- 4.1 The impact of rates on the community;
- 4.2 The impact of rate on businesses;
- 4.3 The current economic climate;
- 4.4 The integrated development plan (IDP) of the municipality;
- 4.5 The Local Economic Development Objectives of the municipality; and
- 4.6 Mitigate major shocks to ratepayers when moving from a site rating system to rating on the total value (land and buildings) of a property.

5. ANNUAL ADOPTION OF THE POLICY

- 5.1 The rates policy will be reviewed annually, in compliance with section 5(1) of the MPRA and according to the time schedule tabled by the mayor in terms of section 21(1)(b) of the MFMA. Community participation will take place in accordance with chapter 4 of the Local Government. Municipal Systems Act, 2000 (32 of 2000)
- 5.2 Council is to consult with formal established forums representing a said category of rate payers subject thereto that said formal established forums notify the Council not later than 30 November annually of the contact person and his/her details for purpose of consultation.
- 5.3 The said formal established forums representing a said category of rate payers must also be invited annually to the Council Meeting to be held for the purpose of approval of the Property Rates Policy provided that the information required in 4.2 is duly provided such established forms.
- 5.4 The policy will be approved with the annual budget in compliance with Section 24 of the MFMA.

6. KEY PRINCIPLES

6.1 EQUITY

The fundamental principle is that taxpayers in similar circumstances will pay similar levels of tax and taxpayers with greater ability to pay greater amounts of tax, however, in local government the value of a ratepayer's property is the proxy or surrogate for the ability to pay. The circumstances of an individual ratepayer are only taken into account in respect to any exemptions, rebates or reduction that may be granted. Rates are levied on an ad valorem (by value) basis that is pro rata to the value of the Property.

Example: The Market Value of a house is R150 000, the cent in the Rand amount is R0.005 for Residential properties. Rates payable: R150 000-20 000 (Impermissible rates) R130 000 x R0.005= R650 for the whole year, divided by 12 months= R54.17 per month payable to the municipality.

In the local government context the application of the equity principle would suggest that the tax (the rate in the rand) would be the same for all ratepayers in a municipal area, unless some compelling application of other taxation principles changes the incidence of the tax. The main reasons why one ratepayer may pay different rate than another ratepayer are:

- 6.1.1 Different rate levied on different categories;
- 6.1.2 Exemptions;
- 6.1.3 Rebates; and
- 6.1.4 Reductions.

Although these mechanisms were created by the MPRA the use thereof should be justified. The main reason is to retain the historical level of contribution of the various categories of properties to the income from assessment rates and thereof minimize the impact on ratepayers.

6.2 AFFORDABILITY

In considering affordability, the total municipal account and not only the rates account will be considered. The council will endeavour to limit the annual increase in the revenue from property rates to the increase in the consumer price index, except when the approved integrated development plan of the municipality provides for a greater increase.

6.3 POVERTY ALLEVIATION

The effect of rates on the poor has been taken into account in terms of the indigent policy. All residential properties with a value below R20,000.00 will be exempted from the payment of assessment rates

6.4 LIMITATION OF RATES INCREASES

The transformation from a site rating system to a system where the total value (land & buildings), will be rated will cause major shifts in the rates burden on the owners of certain Properties. Guidelines from central government are the implementation of this act should not lead to an increase in the income from assessment rates, and it should also not result in major shocks to ratepayers. To give effect to these guidelines it is necessary to set limitations to the increase of rates for the financial years for which the first valuation roll compiled in terms of the MPRA is implemented.

7. AMOUNT DUE FOR RATES

The council shall as part of each annual operating budget determine a rate in the rand for every category.

8. LIABILITY FOR RATES

A rate levied by the municipality on a property must be paid by the owner of the property. Rates will be levied month –

8.1 If an amount due for rates levied is unpaid by the owner of the property, the Municipality may recover the amount from a tenant or occupier of the property;

8.2 The amount for rates may be recovered from the agent of the owner;

8.3 Where the rates levied on a particular property have been as a result of a Supplementary valuation in terms of Section 78(1) THE MPRA these rates will be payable from dates as contemplated in section 78(4)(a),(b),(c) and(d) of the MPRA;

8.4 Recovery of rates due will be in accordance with municipality's Debt Collection Policy (credit and debt control)

9. VALUATION OF RATEABLE PROPERTIES

9.1 A general valuation of all rateable properties will be undertaken and a valuation will be compiled every 4 Years unless the municipality has in accordance with the Act decided to extend the validity of the valuation roll to 5 (five) years by applying for approval by the MEC for Local Government and Housing in the province.

9.2 Supplementary valuations will be undertaken on an ongoing basis.

9.3 Supplementary Valuation rolls will be compiled once a year'

9.4 Amendments to the valuation roll to reflect changes to the owner, address, category, extent, description or other prescribed particulars (section 79), will be done annually and only electronic copy of the valuation roll will be updated.

10. LEVYING OF RATES

10.1 RATES WILL NOT BE LEVIED ON:

Public Service Infrastructure.

10.2 CATEGORIES

The category will be determined by the actual use of the property and if the property is not in use, the zoning thereof will determine same. The Municipal Valuer will be responsible for the categorizing of properties and the maintenance thereof as any change in the use of a property may result in a change to the category.

In determining the category of a property the municipality shall take into consideration the following criteria or a combination thereof:-

- i. The formal zoning of the property;
- ii. The current use of the property;
- iii. Township establishment approvals ;
- iv. Permitted use of the property; and
- v. The geographical area in which the property is situated.

The Municipal Valuer of Victor Khanye Local Municipality will be responsible for the categorising of rateable properties and the maintenance thereof, and any change in the actual use of the property, may result in a change of categories.

Properties shall first of all be categorised in accordance with their formal zoning. Town planning schemes, town establishment schemes and town planning regulations may be used to determine the formal zoning.

If, for whatever reason, the status or zoning of a property cannot be determined in terms of the actual use shall then be determined in order to appropriately categorise such property.

All relevant information, including circumstantial evidence, may be taken into consideration in an attempt to determine for what purpose the property is being used. A physical inspection may be done to acquire the necessary information.

The categories that are determined in terms of section 8(1) of the MPRA are:

10.2.1 RESIDENTIAL IMPROVED: res

i	res1	Single residential per 1000m ²
ii	res2	Medium to High density residential 10 to 35 per 1000m ²

10.2.2 RESIDENTIAL VACANT: resv

i	res1	Single residential per 1000m ²
ii	res2	Medium to High density residential 10 to 35 per 1000m ²

10.2.3 GOVERNMENT: G

i	gh	Business
ii	ge	Educational
iii	qh	Hospital and or Clinic
iv	gp	Police Station
v	gr	Residential
vi	go	Other

10.2.4 OTHER

i	ah	Agricultural Holding
ii	b	Business
iii	bnu	Business related uses on non urban land
iv	ind	industrial
v	u/i	illegal use
vi	is	Independent School

vii	mun	Municipal
viii	min	Mining and related uses
ix	mp	Multi purpose
x	nr	Nature Reserve, National Park or Garden
xi	nu	Non Urban land (Farms)
xii	pbo	Public benefit Organizations
xiii	psi	Public Service Infrastructure
xiv	pos	Public Open Space
xv	pw	Place of Public Worship or residence
xvi	pros	Private Open Space
xvii	re	Remaining Extent of Proclaimed Township
xviii	sr	Sports and Recreation

11. CRITERIA FOR RATING MULTIPLE USE PROPERTY

The following criteria are to be used:

- 11.1 By apportioning the market value of a property to the different purposes for which the Property is used, for
- 11.2 Applying the relevant cent amount in the Rand to the corresponding apportioned market value'

12. CRITERIA FOR DIFFERENTIAL RATING ON DIFFERENT CATEGORIES OF PROPERTIES

The following has been taken into consideration for the purpose of differential rating:

- 12 .1 the nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes
- 12.2 vacant land will be rated higher (in terms of a Cent amount in a Rand) as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purpose by owners'
- 12.3 promotion of social and economic development of a municipality'
- 12.4 Differential rating among the various property categories will be done by way of setting different amount in the Rand for each property category rather than by way of reductions and rebates. This is much simpler for citizens to understand and thus promotes the principle of transparency.

13. RELIEF MEASURE RELATED TO CATEGORIES OF PROPERTIES AND OWNERS OF PROPERTIES

13.1 CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTION

The following will be taken into consideration for the purpose of granting exemptions, rebates and reductions:

- i. Indigent status of the owner of a property.
- ii. Sources of income of the owner of a property.
- iii. Market value of residential property below a determined threshold.
- iv. Social or economic conditions of the area where the owners of property is located e.g. an area declared by the national or provincial government to be a disaster-area within the meaning of Disaster Management Act, 2002, to the extent that the significantly negatively affected.

13.2 GRANTING OF EXEMPTIONS, REBATES AND REDUCTIONS

- i. The exemptions, rebates and reductions will be considered after an application form which is to be provided by Council is accompanied by the following relevant documents are submitted:
- ii. All applications must be addressed in writing;
- iii. A SARS tax exemption certificate;
- iv. Pension or social grant proofs including affidavit has been lodged with the municipality on an annual basis
- v. These 'applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought.
- vi. The municipality retains the right to refuse exemptions if the details and or accompanying documents are incomplete, incorrect and or false.

13.3 EFFECT OF RATES TO THE POOR AND MUNICIPALITIES' MEASURES TO ALLEVIATE RATES BURDEN

In order to alleviate rates burden on the poor, the following exemptions and rebates are proposed:

EXEMPTIONS:

- i. Indigent owners as defined in the Municipalities Indigent. Policy
- ii. Owners dependent on pensions or social grant for their livelihood.
- iii. Owners of residential property whose market value is below R20 000,00

13.4 EFFECT OF RATES ON PUBLIC BENEFIT ORGANISATIONS

Public Benefit organisations be exempted from rating

13.5 OTHER EXEMPTIONS

As determined in Section 17 of the Ac

14. CRITERIA FOR INCREASING OF RATES

It is proposed that the following be taken into account for the purpose of increasing /decreasing rates:

- 14.1 Priorities of a municipality reflected in its IDP.
- 14.2 The revenue needs of the municipality.
- 14.3 A need for management of rates shocks.
- 14.4 Affordability of rates to ratepayers.

15. LIABILITY FOR RATES BY PROPERTY OWNERS

15.1 Property rates payable by owners

In case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural land Act, 1970 the municipality will treat the owner of such property for the purpose of liability for rates in the following manner;

The municipality has considered the following three scenarios:

SCENARIO 1

If the joint property owners are all available and are traceable, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities'

In a circumstance where joint owners of the agricultural property have an agreement among themselves that a specific joint owner is liable for all rates levied in respect of that agricultural property, a municipality will hold such a specific joint owner liable for all rates levied in respect of the agricultural property. Such an agreement must be in writing and signed by all affected parties, and a certified copy thereof must be submitted to the municipality.

In a circumstance where joint owners of the agricultural property have an agreement among themselves that each joint owner is liable for that portion or rates on that property that represent that joint owner's undivided share in the agricultural property, a municipality will hold each joint owner liable for their portion of rate levied on the agriculture property. Such an agreement must be in writing and signed by all affected parties, and a certified copy thereof must be submitted to the municipality.

In a circumstance where joint owners of the agricultural property have not informed a municipality in writing as to who is liable for rates regarding agricultural property, a municipality will apply after 24(b)(i) or (ii) of the Act.

SCENARIO 2

If the joint property owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property of a significant larger portion of the entire property (e.g. 80%), the municipality will hold that joint owner liable for the total rates bill for that entire property.

SCENARIO 3

If the joint property owners are not traceable with the exception of one joint owner and such joint owner is occupying or using a small portion of the entire property, the municipality will hold that joint owner liable for that portion of rates levied on the entire property that represents that joint owner's undivided share in that property.

15.2 Method and time of Payment

- i. The municipality will recover rates on a monthly basis.
- ii. Annual rates must be paid in monthly instalments to the municipality at the end of each month.
- iii. A municipality makes provision for the recovery of rates on a monthly basis, subject to conditions outlined in the credit control policy of the municipality.

15.3 Deferral of payment of rates liabilities

The municipality will consider each and every application for deferral of rates, taking into account the merits and demerits of each and the financial implications thereof in so far as the cash - flow of the municipality is concerned.

16. RELIEF MECHANISMS

The Council may grant exemptions, rebates and reductions in recognition of Section 15(2) of the Property Rates Act.

16.1 Rebates

When a specific category of owners of properties or the owners of a specific category of properties quantity for more than one rebate at a given time, it will be calculated on the total amount

16.2 Exemptions:

- i Rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978 (Act 100 of 1987);

- ii. Publicly controlled infrastructure as defined in the act;
- iii. Rateable property registered in the name of public benefit organization performing specified public benefit activities;
- iv. Cemeteries and crematoriums which are registered in the names of private person and which are used exclusively for burials and cremations, as the case may be;
- v. Museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and which are open to public, whether admission is charged or not;
- vi National monuments including ancillary business activities at national monuments;
- vii. Rateable property registered in the name of a trustee or trustees or any organization which is being maintained for the welfare of war veterans as defined in sec 1 of Social Aid Act (House of Assembly), 1989 (Act No 37 of 1989), and their families;
- viii Sports grounds used for the purposes of amateur sport and any social activities which are connected with such sport;
- ix. Rateable property registered in the name of the Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers or any organization which is in the opinion of the municipality, similar or any rateable property let by a municipality to any such organization; etc
- x. Rateable property registered in the name of a declared institution as defined in section 1 of the Cultural Institutions Act, 1969 (Act No 29 of 1969), or the Cultural Institutions Act (House of Assembly), 1989 (Act No 66 of 1989);
- xi. Residential property that is occupied by the owner with a value below 20000
- xii Persons who have reached the age of 60 years or more during the financial year, and physically or mentally disabled people who can substantiate receipt of a social pension, or persons certified by the Medical Officer of Health as physically or mentally handicapped, subject to the following conditions:
 - a) The joint income of the applicant and his/her spouse, if any for the year 30 June shall not exceed R90,000.00 or such higher amount determined during the budget;
 - b) The rateable property concerned must be occupied only by the applicant and his/her spouse, if any and by dependants without income or by people because of specific circumstances in the Chief Financial Officer's opinion;
 - c) There must be not more than two (2) dwelling - units on the rateable Property concerned;
 - d) Applications for remission for the financial year must be received prior to 30 September on a form (which will be made available for this purpose by the Chief Financial Officer), and this information must be substantiated by an affidavit by the applicant;
 - e) The applicant must submit proof of his/her age and identity and, in the case of a physically handicapped person, also proof of the receipt of a social pensioner or, if not in receipt of such pension, proof of certified by a Medical Officer of Health;
 - f) The consumer's current account is paid in full; and

- g) The property is categorized as residential
- xiii All other properties as specified in terms of Section 17(1Xa) - (i) of the MPRA

The exemption in 17.3.1 to 17.3.15 will be granted after an application has been considered by the Valuation Roll or Section 15(2) (a) - (f) of the Property Rates Act'

17. AMOUNT DUE FOR RATES

A rate (cent amount in a Rand) will be reflected in the budget'

18. ANNUAL REVIEW OF RATES POLICY

The municipality will annually review, and if necessary amend its rates policy taking into accounts public comments and inputs.

19. THE EFFECTIVE DATES OF THE RATES POLICY

The rates policy takes effect from the start of the municipal financial year.

20. DISCLAIMER

A rate cannot be challenged on the basis of non - compliance with this policy, and must be paid in accordance with the required payment provisions. Where a ratepayer believes that the Council has failed to properly apply this policy he/she should raise the matter with the Municipal Manager.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

CASH MANAGEMENT AND INVESTMENT POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

1. TERMS OF REFERENCE

Legal Framework:-

- Constitution of the Republic of SA, No 108 of 1996,
- Municipal Finance Management Act, No 56 of 2003,
- Municipal Systems Act, No 32 of 2000
- Deposit taking Institutions: Bank Act 94 of 1990,
- Guidelines from national treasury,
- Victor Khanye Local Municipality Delegation of Powers,

2. PURPOSE

The Cash management, Investment and Financial procedures Policy should provide mechanisms aimed at gaining the highest possible return without undue risk during the period when funds are not needed. Furthermore it should provide direction with regards to the overall cash management within the municipality as well as the financial procedures and processes. The Municipal Council has the following responsibilities:-

- To invest public funds with great care.
- To establish a mechanism of dealing with foreign and local investment within the jurisdiction of the municipality and stimulating economic growth, through job creation and other means.
- To create municipal assets which are positive contributors to the Local Economic Development Strategy.
- To establish and maintain a loan redemption fund for redemption of external loans.
- To manage cash flow.
- To operate and manage their financial processes in a fair, open and transparent way that is consistent and comply to relevant legislations, policy statements and General Recognized Accounting Standards.

3. SCOPE OF APPLICATION

This policy will apply within the Victor Khanye Local Municipality administration.

4. PREAMBLE

As trustee of public funds, the council has an obligation to see to it, that cash resources are managed as effectively and as efficiently as possible, and within generally recognized accounting principles.

5. PROCEDURE

5.1 Limit Exposure to a Single Institution

Larger sums of money should be invested with more than one institution in order to limit the risk exposure for the council. The limit exposure, excluding the primary bank account, per institution is set at R 4 million on any specific time.

5.2. Risk and Return

It should be accepted as a general principle that the larger the return, the greater the risk will be.

5.3. Borrowing Money for Re-Investments

The council will not borrow money only for investment purpose. All funds borrowed must be required for capital purposes and projects approved through the capital budget of the municipality.

5.4. Registered Financial Institutions

The Chief Financial Official entrusted with the responsibility to handle municipal finances must ensure that Institutions where funds are to be invested or where Council is operating its primary bank account (section 8 of the Municipal Finance Management Act) are registered in terms of the deposit taking institutions Bank

Act 94 of 1990 and that they are approved financial institutions as approved by National Treasury from time to time. Council will refrain from investing in institutions which do not have a sound track record in the market.

5.5. Growth Related Investments

When making investments, it should be ensured that at least the Capital amount invested is guaranteed. It is accepted that interest rates may vary from time to time, however a lower interest rate must be accepted for the benefit of low risk. Council will refrain from high income investments at a high risk.

6. GENERAL PRACTICE

6.1. General

After determining if cash is available for investments and fixing the maximum term of investments, the Chief Financial Officer has to consider the way in which investments are to be made, its rates can vary according to many market perceptions with regard to the term of investment, quotations should be requested in writing for periods within the limitations of the maximum term, these should be recorded in a schedule.

6.2. Payment of Commission

It is required by the Auditor General that Financial Institutions where investments are made must issue a certificate with regard to each investment. Said certificate must state that the financial institution has not, nor will pay any commission and has not / nor will grant any other benefit for obtaining such investment to an agent or go between, or to any person nominated by such an agent or go between. No Councilor or official of the municipality may receive any

commission or any other benefit from an institution where Council is investing funds or operating its bank account.

6.3. Reports

- Council has to be given a quarterly and year-end report on all investments.

6.4. Cash In Bank

- Funds in the current account must be sufficient to cover at least one month's Operational and Capital Expenditure.
- All cash receipts must be deposited into Council's primary bank account by no later than one day after it was received. Monies received on a Friday must be banked by no later than the following Monday. Moneys received one day prior to a public holiday, must be deposited into the primary bank account by no later than the next working day.

6.5 Withdrawals from bank account

Withdrawals from Council's primary bank account may only be done through an electronic funds transfer (EFT) directly into the bank account of the beneficiary. Confirmation of the bank details of a creditor/supplier/beneficiary must be in writing and attached to every payment processed. Withdrawals from the primary bank account must be approved by at least two senior officials in the Budget & Treasury Offices. Withdrawals from the primary bank account must be approved either by two "A" classified signatures, or at least one "A" and one "B" classified signature. The classification of signatures are as follows:

Chief Financial Officer	-	"A"
Deputy Chief Financial Officer	-	"A"
Assistant Managers Finance- (Expenditure & Revenue)	-	"B"

Hence all EFT must be approved by either the Chief Financial Officer or the Deputy Chief Financial Officer.

The issuing of cheques must be limited to the following:

1. The refund of deposits held for the rental of halls and other facilities of Council.
2. The refund of consumer deposits.
3. The replenishment of the petty cash and floats of cashiers.
4. The payment of temporary wages.
5. The payment of creditors under circumstances where EFT is not possible due to:
 - The incorrect bank details supplied by the beneficiary.
 - Connection failures due to network problems to avoid late payment or interest charges.
6. All cheques must be crossed and made “Not Transferable” to the beneficiary.
7. A separate bank account may be maintained for cheque withdrawals and funds must be transferred from the primary bank account to the cheque withdrawal account to ensure sufficient funds for cheque payments. The bank balance on the cheque account must be kept at a minimum amount to ensure low risk for cheque fraud. The cheque account should not be allowed to be in overdraft. Should it happened that the account is in overdraft due to cheque withdrawals, funds must immediately be transferred from the primary account to correct any overdraft balances.
5. The account balances must form part of the cashbook balance and must be reconciled with the primary bank account.
6. Passwords are maintained on both the financial system and the electronic bank system operated by council. All passwords must be changed regularly being defined as at least monthly.

6.6 Transfers from secondary bank accounts

Transfers of funds from any secondary bank account of Council to a beneficiary are forbidden. In respect of secondary bank accounts, funds may only be transferred to the primary bank account of Council.

6.7 Bank accounts

6.7.1 Primary Bank Account

The following bank account will be utilized as the primary bank account of Council:

Account type	: Current account
Account holder name	: Victor Khanye Local Municipality
Account number	: 420526994
Bank name	: Standard Bank
Branch name	: Delmas
Branch code	: 051 001

6.7.2 Secondary Bank Accounts

Council is operating the following secondary bank accounts:

Account type	: Temporary deposit account.
Account holder name	: Victor Khanye Local Municipality
Account number	: 85000026
Bank name	: ABSA
Branch name	: Delmas

All accounts are operated under the name of the Victor Khanye Local Municipality.

6.8 Cash and bank reconciliations

Only official cashiers will receive money on behalf of Council and will issue an official receipt from Council as and when said money is received. All funds received, will be reconciled on a daily basis and paid into the primary bank account as per the determination of paragraph 6.4 of this policy.

Bank reconciliations between the cashbook and bank accounts will be done on a continuous basis and a report will be submitted on a monthly basis. The Chief Financial Officer will report on a monthly basis to council on the bank reconciliation as well as the bank and cashbook balances.

Said bank reconciliation indicating the cashbook opening balance, the monetary value of all funds received during the month, the monetary value of all payments made during the month as well as the closing cashbook balance at the end of the month, will be reported to Council.

6.9 Credit Worthiness

The municipality will through its delegation of powers delegate the authority to the Chief Financial Officer to invest the maximum amount as stipulated by council. The Chief Financial Officer has to ensure that the credit worthiness and previous performance of the institution are to his/her satisfaction, before investing money with such institutions. The Chief Financial Officer can invest R4 million and for amounts exceeding R4 million he has to get approval from the Accounting Officer before making the investment. Only written quotation will be acceptable to council all required details from the institution's representative including the person responsible (Municipal Officer) for making quotations from institutions should record the relevant terms and rates and other facts such as whether the interest is accrued on a monthly basis on a maturation date.

Once the required number of quotations have been obtained, with which funds are to be invested, The best offer is normally accepted, with thorough consideration of the investments principles.

No attempts should be made to make institutions compete with each other as far as their rates and terms are concerned.

The above-mentioned procedure should be followed, regardless of whether the money is to be invested in a fixed deposit or on a call basis.

It is essential to make sure that the investment document received is a generic document, issued by an approved institution, and the investment capital should be paid over only to the institution with, which it is to be invested and not to an agent.

6.10 Valuation of investments

Investments must be fair valued at market value on 30 June and reported accordingly in the Annual Financial Statements.

6.11 Unauthorized, fruitless/wasteful and irregular expenditure

The Victor Khanye Local municipality uses Section 32 of the Municipal Finance Management Act, no 56 of 2003, as the reference point with regards to unauthorized, fruitless and irregular expenditure. Within the financial framework of the municipality these types of expenditure are defined as follows:

Unauthorized: Expenditure not budgeted for through the approved annual budget or any other adjustments to the approved budget of the municipality as well as expenditure not authorized through the approved delegation of powers of the Victor Khanye Local Municipality.

Fruitless /

Wasteful: Expenditure incurred that could have been saved if the necessary precaution measures were taken or expenditure incurred by the municipality without any benefit to the municipality in terms of its mandate given by the Constitution of the Republic of South Africa, Act 108 of 1996 or any other subsequent acts of parliament.

Irregular: Expenditure incurred which is non-compliant to any policies of the municipality, specifically to the Supply Chain Management Policy, or any other pieces of by-laws of the municipality or relevant acts of parliament.

If any official or councilor of the municipality takes note of an expenditure that might be unauthorized, fruitless or irregular he/she must report it immediately, in writing, to the municipal manager. After investigating the matter, the municipal manager must report to council with a recommendation to either:

- Condone the expenditure and thereby approve it.
- To recover the expenditure from the councilor or official authorizing/certifying the expenditure.

Through investigating the matter the municipal manager must consider the circumstances under which the expenditure was incurred, possible benefit to the council as well as the possible implications to council should the expenditure not have been incurred.

Deviations from the SCM policy

The municipal manager may approve deviations from the supply chain management policy under the following conditions:

- Due to the recent history of the Victor Khanye Local Municipality, all urgent interventions in respect of the provision of a continued supply of potable water to the community;
- All urgent interventions in respect of the operation of the sewerage purification plant and discharge of sewer that complies with the relevant legal requirements.
- Expenditure relating to “strip-and-quote” in respect of repair and maintenance of council’s assets required for service delivery to the community.
- Any other expenditure the municipal manager may consider to be of an urgent nature to maintain basic service delivery to the community in terms of council’s approved mandate.

Deviations from the SCM policy must be dealt with administratively according to the following process;

- As and when an official identify an urgent expenditure to be incurred in terms of the aforementioned circumstances he/she must report immediately to the relevant director.
- The relevant director must prepare a report to explain the circumstances around the expenditure as well as a motivation to deviate from the SCM policy.
- Said report must be submitted for comments to the SCM unit as well as the Budget & Treasury Office for financial comments.
- Report to be submitted thereafter to the Municipal Manager for consideration.
- After the request was approved by the Municipal Manager can the SCM unit continue with the issuing of an official order.
- In the case of a very urgent expenditure the director involve may continue with the expenditure after confirmation from the municipal manager to continue where-after the municipal manager may condone the expenditure in writing immediately afterwards.

The Municipal Manager must report to Council all deviations from the SCM policy.

7. OTHER EXTERNAL DEPOSITS

Other investment possibilities, which are subject to the applicable legislation and are available to the council include debentures as well as other municipalities or statutory bodies in the Republic instituted under and in terms of any law with regard to such investments; the principles and practice, as set out above, will apply.

8. CONTROL OVER INVESTMENTS

Proper record in the form of an investment register should be kept of all investments made inter-alia the following should be reflected:- The institution, funds, interest rates and the maturation date.

9. ASSETS ACCUMULATION

The council should identify appropriate public assets, which it invests in, which will have a worth-while financial return, and avoid investing in public assets which would be costly for the council.

10. PUBLIC PRIVATE PARTNERSHIP (PPP)

The council should carefully investigate possibilities of (PPP) which may be more viable in rendering municipal services.

It should also review the performance of the municipality with regards to service delivery and investigate the most effective ways of rendering services to communities.

The municipality will explore mechanisms of attracting investment within the jurisdiction of the municipality through reduced assessment rates and other stimulative means of contributing to economic growth and job creation.

The municipality will liaise with Provincial and National Government on the required protocol of such ventures. The council will also through its LED Strategy encourage local investment within the municipal area of jurisdiction.

11. INTERNATIONAL INVESTMENTS

The council will not Invest Surplus Funds abroad due to its Local Economic Development Strategy. All Surplus Funds will be invested within the borders of the Republic of South Africa.

However the council will welcome international investors to invest within the municipal council boundaries, in a manner which will be discussed at length in the Local Economic Development Strategy of the Municipality.

12. OTHER FINANCIAL POLICY STATEMENTS/PROCEDURES

See delegation of signing powers attached.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

INDIGENT POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

1. PREAMBLE

Whereas in Section 74 (2)(c) Poor households must have access to at least basic services through:

- (i) Tariffs that cover only operating and maintenance costs.
- (ii) Special tariffs or life-line tariffs for low levels of use or consumption of services or for basic levels of services.

Whereas Section 97(1) a credit control and debt collection policy, must provide for provision of indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

2. PURPOSE

- To provide clear guidelines about residents who are regarded as indigents.
- To establish a manner in which, these residents can be identified and registered in the municipality's indigent register.
- To provide a mechanism of regularly monitoring the financial status of the indigents within the Victor Khanye Local Municipality.

3. SCOPE OF APPLICATION

This policy will be applicable within the Victor Khanye Local Municipality, for all those who have been registered by the municipality and still qualify as indigent and have been evaluated by the designated municipal committee.

4. DEFINITION

In this policy, unless the context indicates otherwise,

Definition of indigent: The generally accepted definition of indigents, are those people due to a number of factors, who are unable to make any monetary contributions towards basic services, no matter how small those amounts. People who earn less than the minimum household joint gross income, as prescribed by the National Policy from time to time.

The Victor Khanye Local Municipality differentiates between four levels of indigents.

Types of Indigent
1. Households with absolutely no income
2. Households with a joint income less than R800.00 per month.
3. Households with a joint income of more than R800.00, but less than R1 500.00 per month.
4. Social Welfare pensioners

Typical examples are:

- i. Certain categories of students
- ii. Certain categories of pensioners
- iii. Certain categories of disabled persons
- iv. Certain single parents
- v. Certain categories of unemployed people
- vi. Certain categories of orphans

CHARACTERISTICS OF INDIGENTS

They are generally located/concentrated in one particular spot or area
(Though this is not always the case)

- Appalling living conditions
- Basic stable diet
- Rudimentary utensils e.g.
 - Basic furniture
 - Basic cooking
- High birth rates

- Abuse of alcohol and violence
- High illiteracy rate
- Malnutrition
- Basic shelter as a home

5. PROCEDURE

5.1 The applicant should personally reside on the property.

5.2 There will be three levels of evaluation that an application for indigence will undergo. The first level will be the visit and evaluation by the **fieldworker**, who will collect information and supply it to the ward councilor.

The **ward councilor** will conduct a level 2 investigation, to verify the data collected by the field worker. The ward councilor will make recommendations to the municipal manager. The **municipal manager** will approve and authorize the subsidization of the indigent and forward the application to the **Budget and Treasury directorate to effect**.

5.3 The applicants for indigence registration should be issued with a reference number. These applications should be handled by the Budget and Treasury Directorate.

5.4 The maximum period for completion of assessment of an applicant's support should be determined as 3 months from date of application.

5.5 That an indigent registration be valid for up to one year where after subsidies / rebates must terminate and the balance in the indigent suspense account must be debited back to the account.

5.6 The indigents should re-apply for assistance. No application should be transferred to the following year without completing the process again.

5.7 Indigent customers are compelled to inform council about any change of their indigence status. The declaration that an applicant signs when applying for assistance will be used to impose penalties to those who misled Council.

The penalties may include but not be limited to the discontinuation of services and the arrears to be paid in full.

5.8 That application forms in respect of approved indigents be submitted to the Budget and Treasury directorate for capturing within 7 days after approval.

5.9 That all outstanding balances up to the date of approval be placed into a special indigents suspense account.

5.10 Council will determine from time to time, the maximum amount allowed per indigent as a subsidy or a rebate.

5.11 The registered indigent consumers be held responsible for any consumption up and above the assistance indicated by the agreement which has been determined by council.

5.12 Service be suspended to indigents who fail to pay for services consumed up and above the subsidized amount.

5.13 No legal action, must be instituted against special indigent consumers.

6. SUBSIDIES TO INDIGENT CONSUMERS

The subsidy to indigent households will be determined by means of a “flat rate” which will be calculated in terms of the tariff policy during the compilation of the budget. The “flat rate” will be published as part of the tariff structure of council.

7. FACTORS TO BE CONSIDERED

The council will determine the subsidy to be allocated to indigents as per guidelines provided in the National Legislation.

The following factors will be considered:-

- i. Cost of living of the area.
- ii. Economic development of the area
- iii. Minimum living level (MLL is the lowest sum possible on which a specific size of family can live in our existing social environment)
- iv. Population size etc.

v. Council Budget (Income)

Also taking into consideration that IGTs should be targeted to subsidise the provision of local public services and is the responsibility of the municipality to ensure that eligible households have access to those life-line services.

Utmost care has to be taken that those consumers who can and are able to pay for services do not use indigence as an excuse for non-payment.

8. REGISTRATION OF INDIGENTS

This process should not create unfounded expectations from the communities. It is advised that the council first come up with evaluation criteria according to, which indigent people can be classified, like visible perceptibility.

Visible perceptibility

- Possible to identify indigents by visiting individual households
- Indigents in all cases live under precarious circumstances as the poorest of the poor.
- No one is working at that particular household

Advantage of using perceptibility method

- a. Minimum services can be supplied to cater for a determined number of households.
- b. If possible, prepaid water stand pipes can be installed
- c. Fixed minimum tariffs can be implemented i.e. life-line tariffs
- d. Upgraded informal areas be created, each area with its own applicable tariff

9. JOB CREATION

The council will use all possible methods to create job opportunities through capital project and Local Economic Development (LED) initiatives for all sectors possible, including emerging contractors and also through the formulation of a policy on LED, which deals with job creation.

10. ASSESSMENT OF INDIGENTS

Look at different households:

- a. Size of households
- b. Number of employed individuals
- c. Number of users of services etc
- d. Number of self employed

Victor Khanye Local Municipality

APPLICATION TO BE REGISTERED AS AN INDIGENT

NOTE: The applicant/stand owner resides personally on the property.

1. THIS APPLICATION IS TO BE COMPLETED BY PERSON RESPONSIBLE FOR THE PAYMENT OF THE ACCOUNT.
2. THE HOUSEHOLD'S JOINT GROSS INCOME IS LESS THAN R1100 PER MONTH.
3. COPIES OF MUNICIPAL ACCOUNTS, IDENTIFICATION DOCUMENT, PENSION CERTIFICATES AND PROOF OF INCOME MUST BE ATTACHED TO THE APPLICATION FORM

1. DATE OF APPLICATION:

2. SURNAME:

3. FIRST NAMES:

4. DATE OF BIRTH:

5. I.D. NUMBER:

6. RESIDENTIAL ADDRESS:

SECTION & HOUSE NUMBER:

TELEPHONE NUMBER (H)(w).....

(C)

WARD NUMBER:

WARD COUNCILLOR

MUNICIPAL ACCOUNT NUMBER:

7. GENDER:

MALE	FEMALE
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8. AGE:

20-25		41-45		60-65
26-30		46-50		66-70
31-35		51-55		71+
36-40		56-60		

9. MARITAL STATUS:

MARRIED		CUSTOMARY MARRIAGE	
SINGLE		WIDOWED	
DIVORCE		LIVING TOGETHER	

REGISTRATION AS AN INDIGENT

Employment and related information

PREVIOUS EMPLOYER

NAME OF EMPLOYER

TELEPHONE NUMBER

.....
.....

ADDRESS OF EMPLOYER

MONTHLY GROSS INCOME

.....
.....
.....

PRESENT EMPLOYER

NAME OF EMPLOYER

TELEPHONE NUMBER

.....
.....

ADDRESS OF EMPLOYER

MONTHLY GROSS INCOME

.....
.....
.....

NAME AND SURNAME OF INDIGENT

.....

SECTION

HOUSE NUMBER

WARD

AGE	GENDER

Have you ever worked before?

YES	NO

If yes, how long?

What kind of skill job/skill do you know?

.....

.....

PARTICULARS OF PERSON RESIDING WITH APPLICANT ON PROPERTY

MALES

Name and Age	Skill/Training	Employment Status

FEMALE

Name and Age	Skill/Training	Employment Status

9.2 INCOME OF HOUSE HOLD PER MONTH

Indicate monthly income for each person in the household

	ACCOUNT HOLDER	OTHER	OTHER	OTHER
	Name	Name	Name	Name
OLD AGE PENSION (GOV)				
DISABILITY PENSION				
CHILD GRANTPENSION FROM PREVIOUS WORK				
BUSINESS FROM HOME SPAZA/SHEBEEN ETC				
RENTING PART OF HOUSE				
RENTING OF OTHER PROPERTY				
UIF				
OTHER:SPECIFY 				

.....				
TOTAL INCOME PER PERSON (TRANSFER TO SECTION 9.1)				

9.3 SPECIFY EXPENDITURE PER HOUSEHOLD PER MONTH

BOND PAYMENT	R	OFFICIAL USE: FINANCIAL ASSESSMENT
RENTAL	R
ELECTRICITY	R
WATER	R	
FOOD	R
TRANSPORT	R
EDUCATION	R
MEDICAL EXPENSES	R
OTHER: SPECIFY	R	
.....		
.....		
.....		

10. HOUSE

APPLICANT	OWNER	TENANT WITH ABSENT LANDLORD	OTHER (SPECIFY)
TYPE OF HOUSE	SHACK	BRICK WITH CORRUGATED IRON ROOF	BRICK WITH TILE ROOF
NUMBER OF ROOMS IN HOUSE			
NUMBER OF OUTSIDE SHACKS/ROOMS			

11. SERVICES

Metre Number if applicable

ELECTRICITY		WATER	
-------------	--	-------	--

Do you use electricity for any of the following?

Cooking		Lights	
TV		Geyser	
Radio		Heaters	
Vacuuming		Washing Machine	
Fridge			

12. HEALTH

Poor	Good	Excellent
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Give details for poor:

.....
.....

Do you have any physical or mental defect?

Yes	
No	

If yes, give details

.....

Note: Attach all relevant documents certified
by Legal Authority.

Please also provide details of disabilities of other household members together
with supporting documents;

NAME	DISABILITY	DETAILS

DECLARATION

I _____

The undersigned, hereby declare that the information provided above, is to the best of my knowledge true and current and further acknowledge that;

1. This application for registration is subject to council approval and/or whoever is authorized to do so.
2. I acknowledge outstanding amount amounts owing to the council on account number and accept that it remains my obligation.
3. I must pay all future service consumption rendered by the council to me and if I fail to pay, the normal Credit Control Policy measures will be applicable to more.
4. This information is public and will be given to all interested parties both in the private and public sector including the provincial and national government as well as the Credit Bureau.
5. If it is discovered by council that I have mis-informed council, I will be liable to penalties as stipulated by council.

Signature of Interview
Applicant

Signature of

Date

Witness

Evaluation / Analysis by Field-
worker _____

Signature of Field-worker Date Signature of Head of
Department Date

Verification by Ward Councillor

Signature Ward Councillor Date Signature of Ward Committee
Date

Approval by Municipal Manager Date

Processed by the Treasury Department

Stamp and Date



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

CREDIT CONTROL POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

1. PREAMBLE

Whereas section 96(a) of Local Government: Municipal Systems Act, act no 32 of 2000, obliges a council to collect all money that is due and payable to it, subject to the act and any other applicable legislation

And Whereas section 96(b) of the Local Government: Municipal Systems Act, act no 32 of 2000, provides that a council must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of the act.

2. SCOPE OF APPLICATION

This policy applies within the Victor Khanye Local Municipality on each and every account issued by the municipality as well as any debt that has to be collected by the municipality. This policies includes all the ratepayers and all users of services for which a tariff is levied in terms of council's tariff policy.

3. PURPOSE

This policy has been compiled as required in terms of Section 97 of the Local Government: Municipal Systems Act 32 of 2000 (hereinafter referred to as the Act) and is designed to provide for credit control and debt collection procedures and mechanisms. It also aims to ensure that the Municipality's approach to debt recovery is sensitive, transparent and is equitably applied throughout the Municipality's geographic area with the objectives of sustainable service delivery, which contributes towards the fulfillment of the following constitutional mandate as required by Section 152 (1) & (2) of Act no 108 of 1996 (Constitution of the Republic of South Africa).

1. (a) To provide democratic and accountable government for local communities
- (b) To ensure the provision of services to communities in a sustainable manner
- (c) To promote social and economic development
- (d) To promote a safe and healthy environment
- (e) To encourage the involvement of communities and community organizations in the matters of local government.
2. A Municipality must strive, within its financial and administrative capacity to achieve the above-mentioned objectives.

4. DEFINITION

Account:-

Any account rendered for municipal taxes, services and other charges. This includes charges raised as a result of damages to Municipal property.

Act:-

Means the local government: Municipal System act, act no.32 of 2000

Arrears:-

Any amount due, owing payable in respect of municipal services not paid by due date.

Consolidated account:-

A monthly account reflecting municipal service fees, charges, surcharges on fees, property rates and other municipal taxes, levies and duties and all consolidations in terms of Section 102 of the Act

Council:-

Means the Victor Khanye Local Municipality, a municipal council as referred to in chapter 7 of the Constitution of the Republic of South Africa, act no 108 of 1996.

Customer:-

Means any person to whom a service is rendered and levied or charged in terms of the tariff structure of the council.

Defaulter:-

Any customer in arrears.

Deemed owner:-

Means a person, who is not the registered owner of the property, in occupation of such property by virtue of the Black Administration Act.

Employer:-

Means an employer as defined in paragraph 1 of the seventh schedule of the Income tax act, act no 58 of 1962;

Occupier:-

Includes any person in actual occupation of premises without regard to the title under which they occupy, if any;

Owner:-

In relation to premises means the person, natural or legal, who from time to time is registered as such in a deeds registry as defined in the Deeds Registries act, act no 47 of 1937.

Person:-

Means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, a public utility body, voluntary association or a trust.

Service:-

Means any service rendered by the council, in respect of which an account may be rendered, excluding any service rendered by the council as an agent for another principal.

Standard rate of interest:-

Means the interest rate as determined by the council from time to time.

Debtors:-

A person who owes the municipality money for services consumed and to whom an account was rendered.

Debtor's socio-economic status:-

It is the situation within which a debtor is perceived to be living in, which will assist in assessing how much income does the debtor generate thus how much can the debtor be able to pay for arrears.

Indigent:-

A person who is needy and further more who generates no income or generates income which is so minimal that he can't make a worthwhile contribution towards the payment of municipal services.

Illegal tempering:-

It is the unauthorized handling of municipal infrastructural assets, with the intention to distort information that can be accessed from such machinery or with the intention to consume services in a fraudulent manner.

Level 1 cut-off:-

The electricity supply to the property will be discontinued at the meter box and a seal will be installed. In respect of water supply a washer will be installed in the supply pipe to reduce the supply to a minimum basic supply of not more than six kiloliter per month. A notice to this effect will be delivered to the

property requesting the occupier to contact the debt collection unit in order to make arrangements for the payment of the outstanding amount.

Level 2 cut-off:-

The electricity supply to the property will be discontinued at the pole outside the property and a seal will be installed. In respect of water supply a washer will be installed in the supply pipe to reduce the supply to a minimum basic supply of not more than six kiloliter per month and a locking device will be installed over the main tap to ensure limited supply. A notice to this effect will be delivered to the property requesting the occupier to pay the outstanding amount in full before the supply to the property will be restored.

5. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- 5.1 Ensure that all monies due and payable to the municipality are collected;
- 5.2 Provide for credit control procedures and mechanisms and debt collection procedures and mechanisms;
- 5.3 Provides for indigents in a way that is consistent with rates and tariff policies and any national policy on indigents subject to the indigent Policy of the municipality.
- 5.4 Set realistic targets consistent with generally recognized accounting practices and collection ratios and the estimates of income set in the budget less an acceptable provision for bad debts;
- 5.5 Provide for the interest charge on arrears, where appropriate; and provide for extension of time for payment of an account;
- 5.6 Provide for disconnection of services or the restriction of the provision of services when payment are in arrears; and also provide for matters relating to unauthorized consumption of services, theft and damage;

Victor Khanye Local Municipality would like to give priority to the basic needs of the municipality, promote the development of the local community, ensure that all members of the municipality have access to at least the minimum level of basic municipal service, which are equitable, accessible, and are provided in an economically & environmentally sustainable manner.

This policy aims to stimulate and maintain cost recovery measures in the provision of services so that the level, standard and quality of municipal services can be reviewed and improved over a period of time.

6. CREDIT CONTROL MEASURES

Debtors are expected to pay amounts owed to the municipality according to the terms of payment that have been agreed upon by the debtor and the municipality.

Accounts must be paid on the due date indicated on the statements issued or on the tax invoice as determined by Council.

6.1 Registration

Residential – the Municipality will endeavor to register **owners only** for services on their properties.

- Tenant registrations currently in place will continue until the tenant vacates, the account is closed or the Municipality cancels the contract of the tenant in default in terms of clause

Business – the Municipality will continue to register tenants for services.

Government – the Municipality will continue to register tenants for services. The respective Government Departments shall be held liable for the debts on their property.

Sundry accounts – The customer must provide the Municipality with a Municipal account number or rate account number. If the customer does not have an existing Municipal account, then a new account must be created.

The Municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the Municipality, into one consolidated account.

No registrations or additions to the customer database can be processed unless legal documentation acceptable to the Chief Financial Officer has been produced in each instance.

If there is an outstanding debt on the property, this debt must be settled in full, or suitable payment arrangements must be made by the owner of the property, before any customer / owner is registered for services.

Customers who fail to register and who illegally consumer services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.

Where the purpose for or extent to which any municipal service used is changed the onus and obligation is on the customer / owner to advise the Municipality of such change.

6.2 Deposits payable

A deposit, as determined by council from time to time, will be charged before a new connection to electricity or water supply is made. In respect of indigent users, no deposit will be levied if such indigent user is registered in terms of council's indigent policy.

In cases where a service provider is already connected to council's supply without a deposit paid, such services will continue until the connection is registered into the name of a new service debtor. However, council will encourage service debtors to pay a deposit if they are already connected.

A separate deposit register must be maintained and reconciled on an annual basis. Deposits should be paid in cash, however in the instances of a bulk services consumer a bank guarantee in favor of council can be presented and safe guarded by council until the services are terminated.

When a deposit giver terminate his/her municipal services, all amounts outstanding must be paid or recovered before the deposit, or the remainder part thereof, can be reimbursed to the deposit giver.

6.3 Interest Payable

Interest will be levied on all outstanding amounts, not fully paid by the due date, on the municipal account.

Interest will be levied in accordance to the standard rate of interest as determined by council from time to time. Council may approve a standard rate of interest which is linked to the bank prime interest rate. In the absence of a council resolution, the rate of interest will be prime+2%.

6.4 Responsibility for amounts due

In terms of Section 118 (3) of the Act an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.

The municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.

No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.

Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to the absolved, for all Municipal debts charged on the property.

Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.

Directors of Companies, members of Close Corporation and Trustees of Trusts shall sign personal surety ships with the Municipality when opening service accounts. If they are unable to sign the personal surety then a deposit equivalent to twice the usual deposit shall apply.

- For so long as a tenant or an occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing, then the Municipality may recover from such tenant, occupier or agent such monies as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner.
- The Municipality may recover the amount in whole or in part despite any contractual obligation to the contrary on the tenant / occupier / agent.
- The amount the Municipality may recover from the tenant, occupier or agent is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent.
- Should the tenant, occupier and / or agent refuse to pay as above, to the Municipality, the services of the tenant, occupier and / or agent may be disconnected.

Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute.

Pre-paid meters shall not be installed until all outstanding debt has been paid in full, subject to clause 6.5 hereto.

The owner of the property may be held liable for tampering with the electricity metering equipment or the water metering equipment on the property as well as charges that arise therefrom.

6.5 Allocation of payments

Payments from debtors will be allocated in priority sequence as follows to the various municipal services:

- Property tax
- Refuse services
- Sewerage services
- Other miscellaneous charges
- Water supply
- Electricity supply

6.6 Payments on municipal accounts via the pre-paid electricity system

Council will maintain a 50/50 allocation system on the purchase of pre-paid electricity. In respect hereof council will maintain a process whereby the financial system will verify if any amounts are outstanding on the municipal account of a debtor tendering an amount for the purchase of pre-paid electricity. If such a debtor owes council monies, 50% of the amount tendered for electricity purchase will be allocated to the outstanding municipal account of the property. Electricity to the value of the remaining 50% will be issued to the debtor.

The allocation will be disclosed on the pre-paid note issued to the debtor as well as on the monthly municipal account sent to the said debtor.

The abovementioned verification process will test for any amounts outstanding on the account, regardless of the fact if it is in arrears or a current debt. This process will be electronically maintained and no arrangements made by any debtor will override this process. All payments received via this process will be allocated in accordance to the priority set under paragraph 6.5.

6.7 Debt collection process

The debt collection process will be maintained by the Debt Collection Unit and will be under the supervision of the Assistant Manager (Revenue services).

In respect of the collection of debts owed to the municipality the following process will be followed:

1. All water and electricity meters will be read on a monthly basis and captured on the financial system before the monthly billing cycle. Meters are read and captured manually however the use of electronically systems need to be encourage with the aim to reduce human error to the minimum.

Exception reports to be generated to detect incorrect readings and corrections to be made.

2. Billing cycle to be performed after all meter readings are captured. Data submitted to service provider for the posting of municipal accounts.
3. Due date for payment of municipal account indicated on the tax invoice send to debtors.
4. The following facilities to be maintained for the payment of municipal accounts:
 - a. Cashier points at Delmas and Botleng,
 - b. EFT payments direct into the bank primary bank account,
 - c. Debit order system maintained by the municipality through a separate secondary bank account,
 - d. Direct deposits into the bank account at any Standard Bank branch.

If the account is not paid by the due date it will be handed over to the debt collection unit to recover the arrear debt.

6.8 Arrear debt collection

If a municipal account is not paid on the due date a final notice will be delivered or posted to the arrear debtor. The final notice will contain a notice that the debtor may arrange to pay the outstanding balance off in terms of the credit control policy. A further period of seven (7) days are allowed to settle the outstanding amount. The account of the debtor is debited with the cost of such final notice at the approved tariff of council.

After the notice is issued and the time frame has lapsed the following process commence:

- (i) If the debtor pays the account in full no further action is necessary.
- (ii) If the debtor cannot pay the account in full an agreement (an acknowledgement of debt) can be entered into. An arrangement, to pay the outstanding debt, between council and the debtor is agreed on.
- (iii) The monthly installment for residential users must be determined according to the debtor's social economic status, provided that the minimum monthly payment shall be the current account plus the agreed on installment for the outstanding account. For debtors, other than private households, the extension for the payment of arrears will only be allowed after a substantial amount is paid upfront on the arrears. The amount to be determined by the Chief Financial Officer or a senior official in the Revenue Section being the Assistant Manager, Accountant or the senior person in the debt collection unit. All payments received will first be

allocated towards the current account and only thereafter the remaining amount will be allocated to the oldest outstanding debt.

- (iv) Only debtors with positive proof of identity or an authorized agent with a power of attorney will be allowed to make arrangements to pay. All arrangements will be monitored by the debt collection unit to ensure that debtors honor their arrangements. Debtors whom dishonored their arrangement will be dealt with as per paragraph (vi) hereunder.
- (v) The interest on outstanding amounts will be applicable at the standard interest rate as determined by council, being prime rate plus 2%. The outstanding accounts of households registered in terms of council's Indigent policy will not be charged with interest.
- (vi) Defaults on arrangements will result in appropriate measures being taken by council including but not limited to the cancellation of installments, the restriction or disconnection of the supply of water and/or electricity or the discontinuance of any other service to the premises. In the absence of reaction on the final notice referred to above, the electricity supply to the property of the debtor is discontinued (level 1 cut-off). A notice is delivered at the property of the debtor to notify him/her that the cost of the level 1 cut-off, will be charged against his/her account.
- (vii) With regards to properties where electricity is not supplied by council and in the absence of the required reaction as mentioned above in respect of the final notice, the water supply to the property is restricted by the installation of a trickier washer which will only allow access to the basic water supply being six kiloliter per month.
- (viii) Once the debtor enters into a payment arrangement with council or pay his account in full the service to the property will be restored.
- (ix) In the circumstances of no further reaction from the debtor after the services were restricted to the property, the debt collection unit will, via the field workers, revisit the property after 14 days to ensure that the service is still discontinued. If it is found that the property is reconnected, a tamperproof disconnection, (level 2 cut-off) will be performed to ensure a more tamperproof disconnection. The cost hereof will be charged against the account of the debtor.
- (x) In the case of a level 2 cut-off the services to the property will only be restored once the arrear account is paid in full.
- (xi) If consecutive follow-up actions due to no reaction by the debtor reveal that a disconnection has been tampered with, another level 2 disconnection, will take place in the case of electricity, or the installation

of a trickier in the case of water, are done. The account of the debtor is once again charged with the cost of these actions and the legal steps are taken to collect arrears where the cut-off actions yielded not satisfactory results.

(xii) Accounts which are less than R3,000, will not be handed over for legal action due to the legal costs exceeding the capital amount. All legal and related costs will be charged to the account of the property debtor. Legal actions will not be instituted against households registered in terms of council's Indigent policy.

(xiii) In circumstances when a property owner intends to sell his/her property and applies for a clearance certificate in terms of Section 118 of the Systems Act, No 32 of 2000, such property owner will be liable for the payment of all outstanding amounts on the same property for the preceding two years, regardless of the fact if it is his/her own debts or those of a tenant or any other occupier of the property. A clearance certificate, certifying that all outstanding amounts for the immediate past two years in respect of a property are paid in full, will only be issued by the municipality once proof of such payment can be presented by the registered owner of the property.

7. CUSTOMER CARE AND MANAGEMENT

Councilors are responsible for policy making and officials are responsible for executing policies which will be agreed upon within council, so that they can be implemented and supported by councilors and officials equally. There will be a report on areas of weakness identified and achievement gained.

- Consumers will be treated according to the Batho Pele Principles – Consultation, access, value for money, openness and transparency, accountability, redress, courteous, be supplied with all the necessary information. Various forms of communication with the community within the municipal area will be created and utilized.
- There will be means of communicating with the community about the level of services that they will be receiving, the cost involved in the provision of the service, the reason for the payment of the service fees and the manner in which monies raised from service are used.
- Consumers/users will be provided with different mechanisms to measure the performance, and to provide feedback to the municipality about the type of service received including its quality and value for money. (The mechanisms will be stated in the municipality's communication strategy).

The consumers will also be informed about the system, which will be used for measuring and billing, their consumption of various services in an accurate and verifiable manner.

Communication Strategy

The community will at all times be made aware of the Credit Control and Debt Collection measures that council is implementing through various means which, are possible and accessible to the existing and potential debtors of the municipality

- (a) Considering the fact that the Municipality is legally compelled to implement its credit control and debt collection policy, ward committees may be requested to submit positive executable proposals to support the matter, and make it more acceptable to the community.
- (b) That the Municipal Manager could be requested to draw-up a notice regarding the Policy, and or that the policy be published in Public Places and be distributed to all households in the Municipality's area of jurisdiction

Disputed Amounts

If a user has a dispute with regard to his/her account, such dispute should be presented in writing, arrangement could be made, (an official could write for those who can't) and will be investigated by the assigned Municipal official, in the meantime, the user may postpone the payment on that part/portion of the account which is under dispute, however, the remainder part of the account must be paid on due date. Should it be discovered that the fault lie with the Municipality, the user's account will be corrected, however, if the fault lies with the user, the user will be liable to pay the outstanding amount, plus a service fee, if applicable, as well as interest which might have been accumulated.

Account collection agreements

The municipality may enter into account collection agreements for the payment of services with various employers or agents who will act on behalf of council to recover outstanding amounts.

8. CREATION OF A DATA BASE

- (1) Credit control and debt collection starts when the customer applies for municipal Services and every customer must complete an application form.
- (2) The application form will be used to get credit information on customers. It will also assist with the identification of those who qualify for indigence support and those who should only have access to restricted consumption, such as prepaid meters.
- (3) The application form will be a binding contract between the council and the customer and will inform the customer of the conditions on which the service is rendered.
- (4) A copy of the application form, the conditions on which the service is rendered, the council's credit control and debt collection policy and the credit control and debt collection by-law will be handed to every customer who might request it from time to time.

9. CREDIT CONTROL & DEBT COLLECTION PROCEDURES AND MECHANISMS

- (1) Reasonable access to pay points and various forms of payment will be provided.
- (2) Enforcement of payment will be prompt, consistent and cost-effective.
- (3) Criminal conduct will result in prosecution in court.
- (4) Non-payment by debtors of their accounts has a direct negative impact on the ability of service delivery to other consumers.
- (5) Current account levied not paid by the indicated due date are in arrears and all debtors with arrears are subject to credit control measures.
- (6) Credit control measures are applied with pro-active reminder or warning. Account statements are regarded as reminders of the arrears status of the account as well as stating the intention to take credit control measures.
- (7) No metered services can continue to be delivered to any unknown consumer, who is not registered with the municipality as a consumer.

- (8) Refusal by banks to honour payments by cheque or debit order is regarded as non-payment, upon which the relevant debtors are subject to credit control measures as well as the payment of the approved tariff.
- (9) Client who make no further use of any service but still owe an amount, are inactive debtors who, after the submission of a second inactive account statement to their latest known postal addresses are handed for legal action or alternative Credit Control and Debt Collection procedures.

10. IRRECOVERABLE DEBTS

With the exclusion of approved indigent applicants, outstanding amounts of debtors be submitted from time to time to Council for considering the writing off thereof should circumstances requires it. With each submission to council, the circumstances will also be reported to council for consideration.

Should money be received from debtor after the debtor's account was written off then the amount should be paid into the Provision for Bad Debts.

11. INDIGENT CONSUMERS

There is an indigent policy, which will provide guidance as to how indigent consumers will be dealt with in more detail.

Households are subsidized with 6kl of water and 50kWh electricity per month. Should this be exceeded the debtor will be held liable for the account.

The subsidy for the indigents will be funded form the equitable share / intergovernmental grant.

Electricity as well as the water consumption in excess of 6kl will be levied separately on the municipal account if applicable.

12. DISCOUNT SERVICES

From time-to-time the municipality will issue announcements on the categories of people deserving discount.

13. ILLEGAL TAMPERING AND DISCONNECTION

Should a meter of a consumer / user be found to be tampered with, **a penalty** will apply according to the amount approved by Council in the tariff structure. A new meter will only be installed after the payment has been made in full or acceptable arrangements have been made. The penalty must

be paid in full and no arrangements may be made for the payment of the penalties.

If a consumer tampers with the supply of electricity/water, the supply will be terminated and the consumer will receive a notice about the illegal connection, and that his/her action constitutes a criminal offence.

14. RIGHT OF ACCES

The municipality has the right of access to premises (at reasonable times) to read, inspect, install, disconnects, restrict the provision of services, and repair service connections for reticulation.

15. INCOME TARGETS

Income as set in the budget less on acceptable provision for bad debt.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

TARIFF POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

1. PREAMBLE

According to section 229(1) of the Constitution of South Africa 1996, A municipality may impose rates on property and surcharges on fees of services provided by or on behalf of the municipality.

Whereas the Municipal Systems Act no. 32 of 2000 Section 74(1) states that the Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.

That in terms of Reconstruction and Development Programme, essential service must be made available to everybody in local government at the lowest possible tariffs required to sustain the necessary levels of service.

2. SCOPE OF APPLICATION

This policy will apply to tariffs charged by the Delmas Municipality for the services that are provided by the municipality.

3. PURPOSE

To have a policy which promote fairness and ensures that individuals are not discriminated against and all people are treated equally, according to section 74(1) Systems Act No.32 of 2000, .

For the purpose of administration and also for ease of understanding and acceptance by users, the tariff structures should be as simple as possible.

4. PROCEDURE

Whereas the Municipal Systems Act No.32 of 2000 Section 75(1) states that a Municipal Council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

This policy is enforceable after the by-law has been adopted by Council.

4.1 Categorization of Consumers

For the purpose of this policy and as fulfilment of a legislative requirement, the different categories of consumers, and the funding of the service provision will be discussed.

The payment for services is charged proportionally to consumption and unit cost, are indicated in the tariff structure.

Indigent consumers are charged differently as discussed in this policy, and the indigent and credit control policy.

There are different consumers of services within the Municipality.

The major categorization that has been used in this policy is:-

- a) **Domestic Consumers** – Natural Persons in residential households who pay tariffs as stipulated by Council, which includes capital, operational and maintenance, administration, replacement and interest charges.
Indigent Domestic Consumers - who receive basic services and pay life-line tariffs including operational and maintenance cost. These consumers are subsidised from the Equitable share receive from National Government.
- b) **Non-profit Community organisations** these organisations are mainly service orientated e.g. churches, hospitals, schools, police stations, sports clubs, and all other charitable organisations.
- c) **Commercial Consumers** – Businesses, Shops, Commercial houses, Hotels, Close Corporations, Companies, Statutory Bodies, Public utilities, Voluntary Associations or Trusts.
- d) **Industrial Consumers** – bulk service users

Tariffs are also differentiated according to the location of the property where the service is rendered.

	Determination of the Tariff (how)	Standard of Service
Eloff	As explained in the tariff categories in par.4.5	Same level of service
Sundra	As explained in the tariff categories in par.4.5	Same level of service
Delmas	As explained in the tariff categories in par.4.5	Same level of service
Botleng	As explained in the tariff categories in par.4.5	Same level of service

4.2 Special Tariff for Commercial/Industrial Users

New commercial/industrial consumers can negotiate from time to time special tariffs on an ad-hoc basis with council when establishing for the first time in Delmas.

4.3 Subsidisation of poor households

Council subsidise the municipal services accounts of residents (households) in terms of the Indigent Policy of Council. Differentiation between three levels of indigence is applicable:

Level of Indigence	Funding source
1. Level 1: Those with absolutely no income.	ES
2. Level 2: Those receiving an income of less than the amount stipulated by the Indigent policy and the tariff structure.	ES

3. Level 3: Those with an income of more than the amount stipulated by the Indigent policy and the Tariff structure but less than a figure determined by council in the Tariff structure.	ES
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Key: ES – Equitable share from National Government.

4.4 Cost of rendering services

The costs of rendering municipal services include the capital, operating, maintenance, administration cost.

Should there be a need for replacement it is dealt with separately according to the individual situation, but it is also reflected on individual tariffs.

Interest is charged on municipal accounts according to the Credit Control and Debt Collection Policy.

Provisions have been made for surcharges and they are discussed in this policy as per service consumed.

4.5 Individual Tariff determination

Subsidization of the standard service and the different tariffs as per service.

4.6 Tariff Category

This policy differentiates between different categories of tariffs.

The **Subsidised tariff** is a tariff which does not enable the municipality to recover all the costs incurred when rendering that specific service.

An **economic tariff**, the cost of rendering the service is recovered as far as it is possible.

Trading Service tariff enables the municipality to generate a small surplus.

Property Tax is a tariff, which generates an income for the municipality.

It is used to subsidize municipal services which are categorised as either economic or subsidised tariffs.

Subsidised Services	Economic Services	Trading Services	Property tax
<ul style="list-style-type: none"> • Cemetery • Library • Fire brigade • Health 	<ul style="list-style-type: none"> • Sanitation and Refuse Removal • Sewer and plumbing • Posters and banners • All rentals (halls and machinery) • Furnishing of information • Building Regulations • Removal of trees • Licence and Traffic 	<ul style="list-style-type: none"> • Electricity • Water 	Property tax

The determination of each tariff is individually discussed.

4.6.1 CEMETERY (Subsidised service)

- The cost of service is partially recovered from the tariffs
- Subsidized from property tax
- Differentiate between the following categories:
 - Residents and non-residents
 - Adults and children 12 years and younger

- Levied separately for:
 - Purchasing of grave
 - Opening and closing of grave
 - Deeper and wider of grave

4.6.2 LIBRARY (Subsidised service)

- Subsidised tariff from property tax
- Tariff differentiate between residents and non-residents
- Different penalty fees for late returning are applicable as per the following categories:
 - References literature
 - Other literature

4.6.3 FIRE BRIGADE SERVICES (Subsidized service)

- Subsidized tariff from property tax
- Tariffs differentiate between:
 - Services rendered within municipal boundaries, and
 - Services rendered outside municipal boundaries
- The tariff is calculated according to the actual cost incurred with regards to:
 - Personnel cost
 - Vehicle and equipment cost
- Consumable items are levied at the cost of replacement plus the ruling consumer prize index (CPIX).
- Idle time is mainly subsidised from property tax.

4.6.4 PROPERTY TAX

- Property tax is levied as a cent in the rand per the valuation of the property.
- The basis for property tax is the valuation roll, which is compiled every four years.

- The valuation roll is available for inspection and appeals before implementation.
- Property tax differentiates according to zoning of the property as follows:
 - Residential properties
 - Business properties
 - Undeveloped properties
 - Agricultural holdings

Rebates are applicable on the following categories:

- Government properties
- Residential properties : Pensioners
- Agricultural holdings are taxed according to the property valuation. On certain categories, rebates are applicable during the first 3 years after implementation of tax on all properties for the first time. Property tax is phased in over a period of four years.
- Property tax is determined to finance the shortfall on the budget after all other tariffs are calculated.
- Budget growth is subjected to the approval of the Minister of Finance through National Treasury
- Full analysis of categories and applicable cent per rand is available in the Tariff Schedule

4.6.5 ELECTRICITY (Trading service)

- Tariffs are determined to such an effect that it generates a surplus, which is transferred to the rates account.
- Differentiate between the following tariffs:
 - Basic charge (availability charge) for all business and industrial consumers.
 - Consumption charge as per actual consumption applicable on all consumers including businesses, industries, community organisations and households

Actual consumption is metered and meters are read on a monthly basis. Should it not be possible to read a meter due to reasons beyond Council's control, an average consumption is determined based on the actual consumption during the immediate past three months.

- Differentiate between the following consumers:
 - Domestic consumers, including private dwellings, boarding houses, flats, nursing homes and hospitals, educational institutions, charitable institution, churches and farms
 - The type of supply is limited to 70 Ampere single or three Phase.
 - Commercial, industrial and general consumers
 - This tariff is applicable to:
 - a) Shops
 - b) Commercial houses
 - c) Offices building
 - d) Hotels licensed in terms of the Liquor Act
 - e) Bars
 - f) Cafes, tearooms and restaurants
 - g) Combined shops and tearooms
 - h) Public halls
 - i) Clubs licensed in terms of the Liquor Act
 - j) Industrial or manufacturing concerned
 - k) Buildings or parts of buildings containing a number of the classifications under (a) to (j) and where the consumption in terms of this tariff is metered separately by Council.
 - l) All other consumers, excluding those specified under other items.

The following different types of supply are available:

- a) 100 Ampere current limit, 3 Phase

b) 70 Ampere current limit, single Phase

- A differentiated fix charge is applicable on the aforementioned types of supply.
- A discounted unit charge is applicable

A consumer shall apply, in writing, for the type of supply, which he/she requires in terms of the above. It remains the option of Council to classify such consumer according to his/her demand or consumption or both. The minimum period for which metering equipment for any type of supply will be installed, shall be 12 months. No change to the metering equipment in order to change to a different tariff shall be permitted within the first 12 months after taking into use any special tariff, except on payment of a charge to cover the cost of the change of the metering equipment. Such costs shall be determined by the Engineering Services.

- Bulk consumers

The Council reserves the right to connect consumers with an estimated load of more than 40 kVA as bulk consumers, either by means of low or high tension.

The tariffs differentiate between bulk consumers connected to low as well as high voltage. On both type of connections a

fix charge, a demand charge per kVA and a consumption charge per unit are applicable.

- A reconnection charge is applicable in cases where a supply was discontinued, due to non-payment.

- Inclining block tariff structure is applicable with effect from 1 July 2012. As consumption increase, the applicable tariff will also increase. The following inclining blocks are applicable:
 - 0 to 50 kWh.
 - 51 to 350 kWh.
 - 351 to 600 kWh.
 - > 600 kWh.
- Council will consider through the approval of the tariff structure a suitable tariff for the usage of the first 50 kWh per household. Council may alternatively provide the first 50 kWh free of charge to residential properties as part of a free basic services.

4.6.7 HEALTH (Subsidized service)

- Actual cost is recovered from the tariffs for only the following health service:
 - Water and milk analysis
 - Pest control
- All other health service are rendered free of charge
- A health subsidy is received from the Provincial Government.
The remaining cost is financed from the rates account

4.6.8 POSTER, ADVERTISEMENTS AND BANNERS

- Users pay for the display of posters
- The following categories are applicable
- Advertisement posters:
 - Meetings, elections, fundraising events
 - Erection of advertisement signs equal and smaller as 1m² (per 90 day or part thereof display)
 - Erection of advertisement signs larger than 1m² (per 90 day or part thereof display)
 - Display of “FOR SALE”, “FOR RENT”, “ON SHOW” SIGNS

- Banners
 - Banners across Sarel Cilliers Street is allowed after paying the applicable tariff.

4.6.9 SEWERAGE SERVICES (Economic service)

- Tariffs are determined to such an effect that the total cost of the service is recovered from the tariffs.
- The following tariffs are applicable:
 - General sewerage services (opening of drains, etc)
 - Fixed tariff per connection to the property.
 - Availability charge according to the size of the land
 - Differentiate between residential and business consumers
 - Separate outflow tariff applicable on McCain
 - Vacuum services
 - Tariffs differentiate according to the location of property where the service is rendered. The actual cost is recovered through this tariffs

4.6.10 HALLS

- The following halls are available for the renting to the public:
 - F C Dumat Hall (Delmas)
 - Eloff Hall (Eloff)
 - Botleng Hall (Botleng Proper)
 - Hall and Arts & Culture Centre (Botleng x3)
- A deposit and rental fee, payable in advance, are applicable.
- Crockery and cutlery is available for rental
 - Tariffs are determined to be market related

4.6.11 REFUSE REMOVAL

- A standard once a week refuse removal service is applicable. All rubbish must be placed in a plastic bag. The number of bags is not limited.
- Tariffs are determined to such an effect that the total cost of services are recovered
- Tariffs differentiate between:
 - Households, churches and flats
 - Businesses
- Other types of refuse removal services are also available:
 - Mass containers: emptied once per week
 - Mass containers: emptied twice per week
 - Mass containers: emptied three times per week
 - Business: 80 litres per day, emptied twice per week
 - Business: per extra removal
 - Once off: drop and remove
 - Removal of medical waste
- Cleaning of stands is done on a request basis
- Services are charged according to the size of the stand, as well as m³ rubbish removed.
- Annihilation
 - A fixed charged per animal
- Removal and disposal of carcasses
 - Tariffs differentiate between carcasses equal or smaller than 600 kg and carcasses which exceeds 600kg
 - The service is charged according to the actual cost incurred
- Dried sludge
 - A fixed tariff per 6m³ is applicable

4.6.12 IMPOUNDING OF VEHICLES

- The actual tow-in cost per vehicle as well as a tariff per vehicle per day or part thereof is applicable

4.6.13 HIRING OUT OF MACHINERY AND EQUIPMENT

- a) Equipment is rent at the market related tariff.
- b) The list of machinery and equipment is available for inspection.

4.6.14 FURNISHING OF INFORMATION AND ISSUING OF CERTIFICATES

- a) Tariffs are determined on a cost recovering basis plus 5%
- b) See list as per tariff schedule

4.6.15 WATER

- a) Tariffs are determined to such an effect that a surplus realises from the delivery thereof
- b) Water is provided at different tariffs according to the source thereof:
 - Rand Water Board (Sundra and Eloff townships)
 - Municipal Bore Holes (Delmas and Botleng townships)
- c) The following tariff structure is applicable:
 - Basic charge (available charge) according to the utilization of the stand. The tariff differentiates between vacant stands, and occupied stands.
 - Consumption tariff :
 - Residential
 - The first 6kl is charged at a rate as determined by council (excluding indigent households)
 - The following step tariff structure is applicable:

- ✓ 0 – 6kl (cost recovery)
- ✓ 7 – 26 kl (cost recovery)
- ✓ 27kl onwards (surplus generating)
- Business/Industrial
 - A fixed business tariff is applicable. No step tariff structure. The consumption tariff differentiated according to the source of supply. Be it either Rand Water or from a municipal bore hole.

(d) Consumption is charge as per actual consumption applicable on all consumers including businesses, industries, community organisations and households Actual consumption is metered and meters are read on a monthly basis. Should it not be possible to read a meter due to reasons beyond Council's control, an average consumption is determined based on the actual consumption during the immediate past three months.

(a) A once off connection fee as well as a termination fee is applicable.

(f) A reconnection charge is applicable in cases where a supply was discontinued, due to non-payment.

(g) A standard 6 kl water will be provided free of charge to all households as a free basic service.

4.6.16 STANDARD BUILDING REGULATIONS

Tariffs are determined according to market trends and actual cost involved.

See the tariff schedule for the descriptions and nature of tariffs applicable

4.6.17 STREET PROJECTIONS

Tariffs are determined according to market trends, actual cost involved and in accordance with the Act on National Building Regulations and Building Standards.

See the tariff schedule for the descriptions and nature of tariffs applicable.

4.6.18 REMOVAL OF TREES

(a) A fee is payable in respect of the application to remove a tree, situated within a street reserve, public open space or other Council's property.

(b) Trees are not removed from private property

(c) A fine is payable in a case where a tree has been killed with a chemical remedy or any other way on Council's property without prior approval from Council.

4.6.19 ISSUING OF BUSINESS LICENCES

In terms of Regulation 8, business licences are issued to categories of businesses as listed in the attached tariff schedule

4.6.20 FLAT RATE

Replacing the monthly levied tariffs for property tax, sewerage and refuse removal as per monthly service account, a flat rate as determined from time to time by Council is applicable on certain households, which qualify in terms of Council's Indigent Policy.

4.6.21 TRAFFIC SERVICES

The following tariffs are levied:

- Traffic control during rallies or any other activity excluding funerals.
- Closing of streets on public request
- Tariffs are based on actual cost involved – Personnel, vehicle and equipment costs.
- Consumable items are charged separately at replacement cost plus consumer price index.

ANNEXURE: TARIFF STRUCTURE

Attached to this policy is the tariff structure as determined by the council. It should be noted that the tariffs will change from time to time, thus this section does not form part of the policy, but is an annexure.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

SUPPLY CHAIN MANAGEMENT POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Council of the Victor Khanye Local Municipality resolves in terms of section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality:

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1. Definitions

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

- (i) **“competitive bidding process”** means a competitive bidding process referred to in paragraph 12 (1) (d) of this policy;
- (ii) **“competitive bid”** means a bid in terms of a competitive bidding process;

- (iii) **“final award”**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
- (iv) **“formal written price quotation”** means quotations referred to in paragraph 12 (1) (c) of this policy;
- (v) **“in the service of the state”** means to be –
 - (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
 - (b) a member of the board of directors of any municipal entity;
 - (c) an official of any municipality or municipal entity;
 - (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
 - (e) a member of the accounting authority of any national or provincial public entity; or
 - (f) an employee of Parliament or a provincial legislature;
- (vi) **“long term contract”** means a contract with a duration period exceeding one year;
- (vii) **“list of accredited prospective providers”** means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of paragraph 14 of this policy;
- (viii) **“other applicable legislation”** means any other legislation applicable to municipal supply chain management, including –
 - (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000); and
 - (d) the Prevention and Combating of Corrupt Activities Act, 2004 [Act 12 of 2004].
-
- (ix) **“Regulation”** means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations, published in Notice 868 of 30 May 2005;
 - (x) **“Treasury guidelines”** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;
 - (xi) **“the Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
 - (xii) **“written quotations”** means quotations referred to in paragraph 12(1)(b) of this policy.

CHAPTER 1
ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN
MANAGEMENT POLICY

Supply chain management policy

2. (1) The principles of this policy are that it -
 - (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the regulatory framework prescribed in Chapter 2 of the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) The municipality may not act otherwise than in accordance with this supply chain management policy when –
 - (a) procuring goods or services;
 - (b) disposing of goods no longer needed;
 - (c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

- (d) in the case of a municipality, selecting external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) Subparagraphs (1) and (2) of this policy do not apply in the circumstances described in section 110 (2) of the Act except where specifically provided otherwise in this policy.

Adoption and amendment of the supply chain management policy

- 3.
 - (1) The accounting officer must –
 - (a) at least annually review the implementation of this policy; and
 - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council.
 - (2) If the accounting officer submits a draft policy to the council that differs from the model policy, the accounting officer must ensure that such draft policy complies with the Regulations. The accounting officer must report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
 - (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
 - (4) The accounting officer of the municipality must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality has and implements this supply chain management policy.

Delegation of supply chain management powers and duties

4. (1) The council hereby delegates and is required to further delegate such additional powers and duties to the accounting officer so as to enable the accounting officer –
 - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) the supply chain management policy;
 - (b) to maximise administrative and operational efficiency in the implementation of the supply chain management policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the supply chain management policy; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Section 79 of the Act apply to the subdelegation of powers and duties delegated to the accounting officer in terms of subparagraph (1) of this policy.
- (3) The council or accounting officer may not delegate or subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.

- (5) The accounting officer may not delegate or sub-delegate the authority to enter into negotiations in terms of paragraph 24 of this policy.

Sub-delegations

5. (1) The accounting officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such subdelegation must be consistent with subparagraph (2) and paragraph 4 of this policy.
- (2) The power to make a final award –
- (a) Above R10 million (VAT included) may not be sub-delegated by the accounting officer;
 - (b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
 - (i) The chief financial officer;
 - (ii) A senior manager; or
 - (iii) A bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (c) Not exceeding R 2 million (VAT included) may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
 - (iv) a bid adjudication committee.

- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) of this policy must within ten (10) working days of the end of each month submit to the official referred to in subparagraph (4) of this policy a written report containing particulars of each final award made by such official or committee during that month, including–
 - (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) of this policy must be submitted –
 - (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii) of this policy; or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to

make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.

- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

- 6. (1) The council must maintain oversight over the implementation of this supply chain management policy.
- (2) For the purposes of such oversight the accounting officer must –
 - (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality,
 - (ii) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council.
- (3) The accounting officer must, within twenty [20] days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive committee.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

Supply chain management unit

- 7. (1) A supply chain management unit is hereby established to implement this supply chain management policy.

- (2) The supply chain management unit must, where possible, operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

8. The training of officials involved in implementing the supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

Format of supply chain management

9. This supply chain management policy provides systems for –
- (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;
 - (iv) disposal management;
 - (v) risk management; and
 - (vi) performance management.

Part 1: Demand management

System of demand management

10. In order to ensure that the resources required to support the strategic and operational commitments are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy needs, an effective system of demand management must include the following:
- (a) Planning for future requirements. Acquisition and disposals of all goods required to meet the strategic goals outlined in the Integrated Development Plan must be quantified, budgeted and planned to ensure timely and effective delivery, appropriate quality at a fair cost to meet the needs of the municipality and community. Critical delivery dates must be determined and adhered to as set out in the service delivery and budget implementation plan contemplated in section 69[3][a] of the Act.
 - (b) If the requirement is of a repetitive nature and there are benefits of economies of scale a contract for a specific commodity should be arranged.

- (c) In order to compile the correct specifications an industry analysis / research should be undertaken to ensure future needs and technology benefits are maximised.

Part 2: Acquisition management

System of acquisition management

- 11. (1) Through operational procedures, an effective system of acquisition management is established in Part 2 of this policy in order to ensure –
 - (a) that goods and services are procured by the municipality in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
 - and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.

- (2) This supply chain management policy, except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from ESKOM or another public entity, another municipality or a municipal entity.

- (3) The following information must be made public wherever goods or services contemplated in section 110(2) of the Act are procured other than through the supply chain management system -
 - (a) the kind of goods or services; and
 - (b) the name of the supplier.

Range of procurement processes

- 12. (1) The procurement of goods and services through this policy is provided by way of –
 - (a) Petty cash purchases shall be incurred up to a value of R500 (VAT included);
 - (b) Verbal quotations up to value of R2.000 (VAT included);
 - (c) Three written quotations for procurements of a transaction value over R2.000 up to R10.000 (VAT included);
 - (d) Formal written price quotations for procurements of a transaction value over R10.000 up to R200.000 (VAT included); and
 - (e) a competitive bidding process for–
 - (i) procurements above a transaction value of R200.000 (VAT included); and
 - (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
 - (a) lower, but not increase, the different threshold values specified in subsection (1); or
 - (b) direct that –
 - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2.000;

- (ii) three formal written price quotations be obtained for any specific procurement of a transaction value lower than R10.000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200.000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items shall as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations, formal written price quotations or bids

13. A written quotation, formal written price quotation or bid may not be considered unless the provider who submitted the quotation or bid –
- (a) has furnished that provider's –
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and VAT registration number, if any;
 - (iv) tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
 - (b) has indicated –
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

- (iii) whether a spouse, life partner, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

14. (1) The accounting officer must –
 - (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
 - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - (c) specify the listing criteria for accredited prospective providers including compliance with SARS tax certificates to be furnished; and
 - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.

Petty cash purchases

15. (1) The conditions for the procurement of goods and services by means of petty cash purchases of this policy, are that minor items are purchased for up to R 500, 00 (Five Hundred Rand) (VAT included) where it is impractical, impossible or not cost-effective to follow the official supply chain management procedures.
- (2) The chief financial officer will authorize officials from his department to keep petty cash registers and to grant refunds for cash purposes or allow cash advances.
- (3) Cash advances can only be granted for out-of-pocket expenses for delegated representatives of the municipality or upon a written quotation but in all instances a petty cash voucher should be approved by the related departmental head.
- (4) Officially delegated persons will agree to the deduction from his next remuneration any cash advances of which no proof of expenditure is presented on return from the attended event.
- (5) A monthly reconciliation report from holder of a petty cash must be provided to the chief financial officer, including –
- (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

Written quotations

16. The conditions for the procurement of goods or services through written quotations, are as follows –
- (a) quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy required by 14(1)(b) and (c) of this policy;

- (b) providers must be requested to either submit or confirm such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer; and
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows-
- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
 - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by paragraph 14(1)(b) and (c);
 - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - (d) the accounting officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within five (5) working days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written quotations and formal written price quotations

18. The operational procedure for the procurement of goods or services through written quotations or formal written price quotations, are as follows—

- (a) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and all official notice boards of the municipality;
- (b) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis;
- (c) the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused;
- (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a subdelegation, and;
- (e) the chief financial officer must set requirements for proper record keeping of written quotations and final written price quotations.

Competitive bids

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraphs 11(2) and 36 of this policy; and

- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

- 20. The procedures for a competitive bidding process are established in Part 2 of this policy for each of the following stages:
 - (a) the compilation of bidding documentation;
 - (b) the public invitation of bids;
 - (c) site meetings or briefing sessions, if applicable;
 - (d) the handling of bids submitted in response to public invitation;
 - (e) the evaluation of bids;
 - (f) the award of contracts;
 - (g) the administration of contracts; and
 - (h) proper record keeping.

Bid documentation for competitive bids

- 21. The criteria to which bid documentation for a competitive bidding process must comply, must –
 - (a) take into account –
 - (i) the general conditions of contract;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
 - (b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;

- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
 - (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- (2) A non-refundable charge shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on

the nature, magnitude and value of technical information or samples provided by the municipality.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, are as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) the information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2);
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.

- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

- 23. The procedures for the handling, opening and recording of bids, are as follows:
 - (a) Bids—
 - (i) must be opened only in public; and
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
 - (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price; and
 - (c) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

- 24. (1) The accounting officer may, subject to paragraph 4(5) of this policy, negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
 - (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

25. (1) A two-stage bidding process is allowed for –
- (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

26. (1) The following committees are hereby established -
- (a) bid specification committees as required, depending on the department of the municipality involved;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;
- (2) The accounting officer is required to appoint the members of each committee, taking into account section 117 of the Act; and
- (3) The accounting officer is required to provide for an attendance or oversight process by a neutral or independent observer, appointed by the accounting officer, when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
- (a) paragraph 27, 28 and 29 of this policy; and
 - (b) any other applicable legislation.

- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committees

- 27. (1) The appropriate bid specification committee must, depending on the department involved, compile the specifications for each procurement of goods or services by the municipality.
- (2) Specifications –
 - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and

- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this policy.
- (3) The bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

28. (1) The bid evaluation committee must –
- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
 - (b) objectively evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) The bid evaluation committee must as far as possible be composed of–
- (a) officials from departments requiring the goods or services; and

- (b) at least one supply chain management practitioner of the municipality.

Bid adjudication committees

- 29. (1) The bid adjudication committee must –
 - (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) The bid adjudication committee must consist of at least four senior managers of the municipality which must include –
 - (i) the chief financial officer or, if the chief financial officer is not available, another senior finance official heading either of the budget or treasury offices, reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (ii) at least one senior supply chain management practitioner who is an official of the municipality; and
 - (iii) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5)
 - (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.
 - (b) The accounting officer may –
 - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days.

Procurement of banking services

- 30.
 - (1) Banking services –
 - (a) must be procured through competitive bids;

- (b) must be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than sixty (60) days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

- 31. (1) The accounting officer **may** request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties **must** enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the

National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

32. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1)(c) and (d) do not apply if –
- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34. (1) The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
- (a) Firstly –suppliers and businesses within the municipality or district;
 - (b) Secondly – suppliers and businesses within the relevant province;
 - (c) Thirdly – suppliers and businesses within the Republic of South Africa.

Appointment of consultants

35. (1) The accounting officer may procure consulting services provided that any Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if-
- (a) the value of the contract exceeds R200 000 (VAT included);
or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) The accounting officer may –
- (a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency;
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos and food for such animals and botanical specimens for nature and game reserves; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

Unsolicited bids

37. (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
- (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) All written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, must be submitted to the National Treasury and the relevant provincial treasury for comment.

- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

38. The following measures are established to combat the abuse of the supply chain management system:
- (1) The accounting officer must–
 - (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular

practices or failure to comply with this supply chain management policy, and when justified –

- (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the

execution of the contract that benefited that person;
and

- (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters In terms section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

- 39. An effective system of logistics management must include the following:
 - (a) monitoring of spending patterns on types or classes of goods and services which should where practical incorporate the coding of items to ensure that each item has a unique number for the purposes of monitoring
 - (b) setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - (c) placing of manual or electronic orders for all acquisitions other than petty cash;

- (d) before payment is approved , a certification from the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted / in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure goods placed in stores are secure and only used for the purpose they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for a particular good or service.

Disposal management

40. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 of the Act, are as follows:
- (a) Movable assets:
 - (i) the asset is uneconomical to repair;
 - (ii) the asset is irreparable;
 - (iii) the relevant department has no further use for the asset; and
 - (iv) no other department requires the asset.
 - (b) Immovable assets:
 - (i) the relevant department has no further use for the asset;
 - (ii) no other department requires the asset;

- (iii) a member of the public wishing to acquire the asset can utilize the asset to the advantage of the community; or
 - (iv) where the assets were specifically created for the sale or rental thereof to the public.
- (2) The disposal of assets must–
 - (a) be by one of the following methods:
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset;
 - (b) provided that –
 - (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
 - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved

any sale or donation of firearms to any person or institution within or outside the Republic;

- (c) furthermore ensure that –
 - (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
 - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and
- (d) ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

Risk management

- 41. (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows-
 - (a) non compliance by the supplier to deliver within the agreed timeframes;
 - (b) supply of inferior goods or services by the supplier;
 - (c) inability of the supplier to provide goods or services as ordered;
 - (d) non adherence to the municipality policy with regards to utilization of preferred suppliers; and
 - (e) procurement of goods or services at prices or of a quality not in the best interest of the municipality.
- (2) Risk management must include –
 - (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;

- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

42. The accounting officer must ensure that an effective internal monitoring system is implemented in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the measurable performance objectives linked to and approved with the budget and the service delivery and budget implementation plan, were achieved.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

43. (1) The accounting officer must ensure that, irrespective of the procurement process followed, no award above R15 000 is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a provider or bidder, a tax clearance certificate from SARS must first be provided as contemplated in paragraph 13(a)(iv).
- (3) Before making an award to a provider or bidder, where the annual turnover is expected to exceed R1 000 000, that the provider or bidder be registered for VAT as per the Income Tax Act 58 of 1962.

Prohibition on awards to persons in the service of the state

44. The accounting officer must ensure that irrespective of the procurement process followed, no award may be given to a person –

- (a) who is in the service of the state; or
- (b) if that person is not a natural person, of which any director, manager, majority shareholder or majority stakeholder is a person in the service of the state; or
- (c) who is an advisor or consultant contracted with the municipality in respect of a contract that would cause a conflict of interest.

Awards to close family members of persons in the service of the state

45. The notes to the annual financial statements must disclose particulars of any award of more than R2000 (Two Thousand Rand) to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) the amount of the award.

Ethical standards

46. (1) A code of ethical standards is hereby established, in accordance with subparagraph (2), for officials and other role players in the supply chain management system in order to promote –
- (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of the supply chain management policy –
- (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family

member, partner or associate of that person, of a value more than R350;

- (d) notwithstanding subparagraph (2)(c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must be scrupulous in his or her use of property belonging to the municipality;
- (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this policy; or
 - (iii) any alleged breach of this code of ethical standards.

- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
 - (a) must be recorded in a register which the accounting officer must keep for this purpose;
 - (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (5) A breach of the code of conduct adopted by the municipality must be dealt with in accordance with schedule 2 of the Local Government: Municipal Systems Act, 2000.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

47. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
 - (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of the supply chain management policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted,

should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

48. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or
 - (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

49. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action, at the office of the accounting officer.

Resolution of disputes, objections, complaints and queries

50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
- (a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or

- (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
 - (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

51. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed

percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate–

- (a) a cap on the compensation payable to the service provider; and
- (b) that such compensation must be performance based.

Payment of sub-contractors or joint venture partners

52. The chief financial officer or an official designated by the chief financial officer may consent to the direct payment of sub-contractors or joint venture partners by way of:

- (a) an agreement for direct payment.

Extending or varying a contract

53. (1) Subject to subsection (2), the municipality on its own initiative or upon receipt of an application from the person, body, organisation or corporation supplying goods or services to the municipality in terms of this policy, may resolve to extend or vary a contract if:-

- (a) the circumstances as contemplated in paragraph 36[1][a] prevail; or
- (b) with due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.

(2) The municipality may not extend or vary a contract:-

- (a) more than once;
- (b) for a period exceeding the duration of the original agreement; or
- (c) for an amount exceeding twenty [20] percent of the original bid value.

(3) Within one [1] month of the decision referred to in sub-paragraph (1), the matters specified in sub-paragraph (4) must be:-

- (a) published by the municipality at least in an appropriate newspaper circulating within the boundaries of the municipality; and
- (b) displayed at a prominent place that is designed for that purpose by the municipality.

(4) The matters to be published or displayed are:-

- (a) the reasons for dispensing with the prescribed procedure;

- (b) a summary of the requirements of the goods or services; and
- (c) the details of the person, body, organisation or corporation supplying the goods or services.
- (5) The functions of the accounting officer in terms of this section may not be assigned nor delegated.

54 Register for tender defaulters

- (1) The accounting officer shall keep a register of providers that have defaulted with the municipality in the past, stating reasons for defaulting in terms of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004).
 - (a) The accounting officer shall reject any bid if that bidder or any of its directors has been listed in the Register for Tender Defaulters of treasury.
 - (b) The register determines the period, which may not be less than five years or more than 10 years, for which the convicted provider shall be prohibited from doing business with the public sector;
 - (i) if the period determined by the register has expired, the convicted provider would be prohibited from doing business with the public sector.

Short Title and Commencement

This policy is called the Victor Khanye Local Municipality Supply Chain Management Policy and takes effect on 01 January 2006, and has been reviewed in 2008; 2009; 2010; 2011; 2012.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

FINANCIAL REGULATIONS

Policy Number:	Approved by Council:
Resolution No:	Review Date:

FINANCIAL REGULATIONS

(Amendment as recommended – 22 July 2008)

(Second amendment – 25 June 2010)

(Third amendment – 29 November 2012)

(Fourth Amendment – 18 March 2013)

(Fifth Amendment – 18 March 2014)

A. Procurement

1. A duly authorized request for an order must be issued by the directorate requesting the service/goods, for and before each and every purchase made or service required. Only those officials published in Annexure A, are allowed to authorize a request for an order. The RO may be completed by any official in the Directorate.
2. An official order will be issued by the Supply Chain Unit in the Budget & Treasury Directorate within two days from receiving the Request for an order from a directorate. In cases of an emergency and on request from the involved directorate, an order may carry a high priority and will be dealt with immediately.
3. Quotations will be obtained by the Supply Chain Unit. Under no circumstances is a directorate allowed to obtain their own quotations or publish a notice for quotations or tenders. However, a directorate may assist the Supply Chain Unit with the identification of potential service providers in cases where insufficient suppliers on the database.
4. At least one written quotation, unless otherwise decided by the Supply Chain Unit in consultation with the CFO, is required for all procurement where the purchase amount, including VAT, is equal to or less than R2,000-00. Acceptance of a quotation is the sole responsibility and function of the Supply chain Unit. Under no circumstances may any directorate accept a quotation.
5. Three verbal or written quotations must be obtained before an order is issued for all procurement of goods or services requested, where the VAT inclusive value, is more than R2,000-00 but not exceeding R10,000-00.
6. Three formal written quotations must be obtained before an order is issued for all procurement of goods or services requested, where the VAT inclusive value, is more than R10,000-00 but not exceeding R30,000-00.
7. For all purchases of goods or services, where the VAT inclusive value, is more than R30,000-00, but not exceeding R200,000-00, three formal, written quotations must be obtained and a notice must be published on

the notice board and website for seven working days inviting prospective suppliers to submit written quotations before an order is issued.

On receipt of these written quotations the authorization procedure will be as above.

8. The following documentation must be attached to the formal written quotations as mentioned in paragraph 6 above:
 - a. SARS (VAT) clearance certificate,
 - b. Municipal services account in respect of local service providers,
 - c. Profile of the company if not yet registered on council's service provider's data base.
 - d. ID documents of the members of the institution
9. In respect of all procurements/quotations above R30,000 and less than R200,000 the 80/20 formula must be used and a maximum of 20 points must be allocated for B-BBEE. Deviations hereon must be reported and requested from the Municipal Manager.
10. Written and sealed tenders (competitive bidding process), in accordance with the Municipal Supply Chain Management Regulations and the determinations of Council's Supply Chain Management Policy, must be requested for all procurement of goods or services, where the expected VAT inclusive value, exceeds R200,000-00. After an evaluation of the tenders in accordance with the pre-determined tender specifications and guidelines in terms of Council's Supply Chain Management Policy by the Supply Chain Unit, a report with a recommendation and motivation from the SCM unit must be submitted to the Bid Evaluation Committee for consideration and recommendation to the Bid Adjudication Committee.
11. The Bid Adjudication Committee (BAC) will consider the recommendation from the Bid Evaluation Committee (BEC) and make a recommendation to the Municipal Manager. In circumstances where the recommendation from the BAC differs from the recommendation of the BEC, the report must be referred back to the BEC for review.
12. The final awarding of a tender is the sole responsibility of the Municipal Manager. However, should the Municipal Manager differs from the recommendation of the BAC, the matter must be referred back for review by the committees. Alternatively, the Municipal Manager may deviate from the recommendation of the BAC on submission of a motivation to Council and AG.
13. In respect of repair and maintenance work, the responsibility vested with the involved Director in consultation with the SCU Manager, to ensure that the cost thereof is reasonable in accordance to the work, which has to be

done. If it is possible, quotations as stated above, need to be obtained. Otherwise, a report from the Director (signed by the Director), indicating the nature of the repair or maintenance work, as well as the fact that quotations cannot be obtained and the reasons thereto must be submitted to the Municipal Manager. Comments from the SCU must be attached to such a motivation. If the expected monetary value, VAT inclusive, exceeds R200,000-00, sealed and written tenders (competitive bidding process) must be requested and handled according to the determinations of the Supply Chain Management Policy.

14. Under no circumstances may an official, issue more than one order to the same supplier for the procurement of goods or supplying of a service, in order to evade the above regulations.

B. Materials/Stock

1. Only officials, published in Annexure B, are permitted to authorize the issuing of materials/stock from the municipal stores.
2. Fuel will only be issued if the supervisor (as listed in annexure B) is present, with the driver, to authorize the requisition. In no circumstances will fuel be issued in any other container than a vehicle fuel tank with the exception of the Parks Section, in which case a maximum of 25 liters may be issued per day in a container. The same requirements/controls are applicable as per the issue of fuel to a vehicle.
3. No issues of stock/fuel will be done without providing a relevant vote.
4. Requisitions must be submitted to the office of the Accountant Expenditure, who will be responsible to see to it that these requisitions are captured in a register as well as on the financial system on a daily basis.
5. The Assistant Manager Budget & Treasury (Expenditure) is responsible to perform continues stock takings during the financial year on a weekly basis. These reports must be submitted on a weekly basis to the CFO. An annual stock taking must be done during May of all stock commodities, where-after it be reconciled with the general ledger. A report of surpluses and shortages must be submitted to Council.

C. Timesheets

1. Officials, published in Annexure C, must see to it that timesheets be maintained and signed on a daily basis. Only these officials may authorize an timesheet for payment.

2. Absence from work must be indicated with a red pen, next to the applicable dates.
3. In cases where neither overtime nor standby has been worked, only those officials, published in Annexure C, may authorize timesheets for their respective directorates/sections.
4. Only the Director may authorize timesheets in cases where overtime and standby has been worked to a maximum of 10 hours per week. Any overtime exceeding 10 hours per week must be dealt with as per paragraph 6 hereunder.
5. In no circumstances must any official be allowed to work overtime, unless it is approved by the Director prior to the working of the overtime. For such purpose the prescribed document must be used. Overtime not pre-approved by the Director, will not be paid by the pay office.
6. Overtime exceeding ten hours per week, will not be allowed, unless it is well motivated, and prior approval is obtained from the Municipal Manager. Under no circumstances may any other official than the Municipal Manager, approve overtime exceeding ten hours per week.
7. Duly completed timesheets must be submitted to the pay office by not later than the 17th of each month.

D. Leave

1. Only those officials published in Annexure D may authorize leave forms of those officials in their respective directorates or sections.
2. Only the Municipal Manager may authorize the leave forms of Section 57 employees reporting directly to the Municipal Manager. Leave of the Municipal Manager is to be authorized by the Mayor.
3. No official may authorize his own leave form.
4. With the exception of vacation leave, supporting documents must be attached to any other form of leave. Leave in respect of injury on duty, a copy of the relevant claim form in terms of the Commissioner of Compensation, must be attached as supporting documentation as well as the necessary sick certificate of a registered General Practitioner.

5. Authorized leave forms not returned to the leave clerk before the commencement of such leave will result in unpaid leave for which no remuneration will be received.
6. Authorized leave forms received back, must be captured on a weekly basis.
7. The encashment of leave days is subjected to the cash flow position of Council as well as approval from the CFO. Encashment of leave days will only be considered if a written request, supported by the relevant Director, is submitted to the office of the CFO. No other official may approve the encashment of leave days. Such encashment will not be done via a separate payment, but will be part of the monthly payroll. Regardless of the personal circumstances of employees, no leave encashment will be paid outside the payroll.

E. Travel and Subsistence

1. Travel and subsistence fees will only be paid after submission of a duly authorized Travel Claim Form including all substantiating documents (invitation, authorization, certified invoices of official expenses incurred) as well as a brief report back attached thereto.
2. The director may authorize the payment of travel and subsistence fees for officials in his/her directorate, for attending official matters outside the municipal borders for a period not exceeding five days.
3. The manager reporting to the Director (Post levels 1 or 2) may authorize the payment of travel and subsistence fees to any other employee in their directorate for attending to official matters outside town for a period not exceeding two days.
4. The Municipal Manager must authorize :
 - All travel and subsistence fees to employees for attending to official matters outside the municipal borders for periods exceeding five days; and
 - All travel and subsistence claims of Directors.
5. An official invitation, written authorization and certified invoices of official expenses incurred must be attached to the travel and subsistence claim before payment will be made.

6. It is the responsibility of the director, or manager, authorizing a travel and subsistence claim to ensure that the claim is in accordance with Council's approved Travel and Subsistence Policy before the claim is authorized for payment.
7. An official leave form must be completed and approved before an employee attends a meeting outside the municipal boundaries (special leave).

F. Face Value Documentation

1. The director or manager authorized thereto by the director accepts full responsibility for the implementation and maintenance of control measures to safe guard all face value documentation in his/her directorate/section.
2. Only the Director or his/her nominee may authorize the withdrawal of face value documentation.
3. All face value documentation must be controlled and recorded in a register for which the director or the manager involved is responsible.
4. Face value documentation may only be in the possession of authorized persons.

G. Invoices

1. When an official certifies an invoice for payment, he/she declares in writing the following:
 - the goods or services were delivered in good order and in accordance to the invoice;
 - that the purchase price is as per the quote or tender submitted;
 - that said expenditure has been budgeted for;
 - that there is sufficient funds available for said expenditure; and
2. The Director is responsible for the certifying of invoices, which are paid on behalf of his Directorate. Those officials, published in Annexure E, are entitled to authorize invoices for payments on behalf of their Directorate.
3. Excluding the Municipal Manager and the CFO, a director or manager may not certify an invoice of which the expenditure is to be debited against a vote which is not applicable on his/her Directorate.
4. All invoices received for payment by the Budget & Treasury office, will be date stamped on receipt after which payment will be effected within 30

days, unless otherwise agreed with the CFO. Interest accrued on outstanding invoices will not be paid and will be considered as an unauthorized expenditure which will be handled in accordance with section 32 of the MFMA.

5. Invoices receipt without following the prescribed procurement processes as per paragraph A, will be considered as an unauthorized expenditure which will be handled in accordance with section 32 of the MFMA.
6. Should an official that is responsible for the payment of an invoice, neglect to deduct discounts from the invoice amount, it will be considered as an unauthorized expenditure which will be handled in accordance with section 32 of the MFMA.

H. Entertainment Costs

1. Only Directors are authorized to approve expenditure that is to be debited against his/hers directorate's entertainment vote.
2. Expenditure in The Office of the Mayor or Speaker and Councilors entertainment votes are to be authorized by either the Municipal Manager, the Director Corporate Services or the Manager in the Office of the Municipal Manager.
3. Over spending on entertainment votes will be recovered from the Director of the directorate on which budget the over spending occurred, or, in the case of the Offices of the Mayor and Speaker, the person whom authorized the overspending, see paragraph 2, will be liable for the unauthorized expenditure.
4. A request for additional funds on entertainment votes may only be approved by the Municipal Manager or Council, in the case of a budget adjustment, after submission of a comprehensive report motivating such additional funds. The report must include the recommended savings from other General Expenditure line items. Financial comments from the Budget & Treasury Office must be attached to the report before consideration can be given to the request.
5. Entertainment votes may only be used for official expenditure. "Official" as being related directly to the business of the council in terms of its authorized powers and functions. Such expenditure must be related to an official meeting or gathering for which an agenda or minutes can be produced.

The beneficiaries of such expenditure are limited to:

- Employees of the council
- Councilors of the council
- Official guests or visitors.

The expenditure is limited to:

- Foodstuffs
- Beverages
- Decorations for official functions
- Official tokens of gratitude, congratulations or condolences.

6. The usage of entertainment votes to fund a directorate function where all officials in the directorate are catered for, is only allowed after written pre-authorization is obtained from the Municipal Manager. A report, including financial comments, in which the hosting of an event is motivated must be submitted to the Municipal Manager to obtain authorization
7. The usage of entertainment votes for personal and private benefit or outside the official scope as per paragraph 5 is strictly forbidden. The purchase of refreshments for personal and daily usage in office is not in compliance to paragraph 5. This includes the provision of daily breakfast or lunch as a personal benefit.
8. Any expenditure outside the approved expenditure guideline will be considered as an irregular and unauthorized expenditure and must be recovered from the authorizing agent as per Section 32 of the MFMA.

I. Signing of Cheques and authorizing of electronic payments.

1. Only those officials, published in Annexure F, may sign cheques on behalf of the Victor Khanye Local Municipality.
2. Either the CFO or the Deputy CFO must co-sign all cheques of the Victor Khanye Local Municipality or authorize electronic transfers.
3. Payments by means of electronic transfers may only be authorized by those employees published under Annexure F.
4. No electronic transfers may be allowed without submission of the bank details of such a supplier as part of the official invoice or otherwise in writing on the letterhead of such supplier. This information must be attached to each payment document.

J. Clearance Certificates

1. Only officials, published in Annexure G, may sign clearance certificates on behalf of the Victor Khanye Local Municipality.
2. Clearance certificates will only be issued once the applicant has fully comply to section 118 of the MSA. All outstanding amounts on the applicable property must be settled before the certificate will be issued.
3. The acceptance of a bank/office guarantee from the applicant may not be accepted in principle. Should any official deviate from this principle, he/she will be kept personally liable for any losses Council may suffer due to such non-adherence.

K. Key Control

1. Each Director is responsible to maintain and control a key register in respect of all official keys in his/her directorate.

L. Petty cash purchases

1. Only one petty cash will be maintained within Council and will be managed by the Assistant Manager: Budget & Treasury (Expenditure) in the Budget & Treasury Directorate.
2. Petty cash withdrawals will only be allowed for the re-imbursement or advance for out-of- pocket expenses to a maximum amount, per case, not exceeding R300-00.
3. Re-imbursements from the petty cash will only be made after completion of the official request and submission of substantiating documentation.
4. The monetary value of all outstanding petty cash vouchers, after monthly reconciliation, will be deducted from the beneficiary's remuneration after a notice was served to both the involved director and the beneficiary.

M. General

I Budget votes

1. Directors are responsible to manage and administrate those budget votes applicable on his/her directorate.

2. Directors must ensure that budget votes in his/her directorate do not over spend without the necessary authorization. Any over expenditure is regarded as an unauthorized expenditure and will be dealt with in accordance to Section 32 of the Municipal Finance Management Act, nr 56 of 2003.
3. Directors must identify potential overspendings on budgeted votes for which he/she is responsible and submit a written request to fund such overspendings. Both the Municipal Manager and the CFO may approve overspendings for which savings were identified to a maximum amount of R50,000-00, subjected thereto that the adjustment will have a zero effect on the executive level of the budget as approved by Council. If the executive level of the budget needs an adjustment, an adjustment budget must be tabled before Council.
4. Over expenditure will only be considered if an equal saving can be identified on another expenditure vote.
5. If it is in the opinion of the CFO that an expenditure vote may over spend, a report may be requested from the involved director. The same will be applicable on income votes if it is estimated that the budgeted income might not materialize.

II Capital expenditure

1. Capital expenditure must be in accordance with the approved Capital Program of the Victor Khanye Local Municipality.
2. Savings on capital votes may not be utilized to finance an operational vote. Re-allocation of savings from one capital project to another capital project may only be allowed with the prior approval of Council.
3. Directors must submit all information requested by the CFO to maintain the Asset Register of Council.
4. The Supply Chain Management Policy is also applicable on capital expenditure.
5. Purchase of capital items as well as the commencement of capital work must be in accordance with the time schedule as submitted by the CFO in the SDBIP and approved by the Mayor.

III Closing of budget votes

1. After reporting to the involved Director, the CFO may temporary close an expenditure vote, which might, or is already over spend, pending a report from the involved director. Any expenditure allocated to a temporary closed vote will be regarded as an unauthorized expenditure and be dealt with in accordance with Section 32 of the MFMA, no 56 of 2003.
2. The CFO, after consultation with the involved Director, may close a capital vote after the capital item was purchased, regardless of the fact if funds are still available on said vote.

N. Bank Reconciliation

1. Bank reconciliations must be performed on a daily basis and unidentified transactions must be reported immediately to the CFO and followed up with the bank.
2. A summary of the bank reconciliation must be tabled in Council on a monthly basis as part of the monthly financial report of the CFO.

O. Leases

1. Lease agreements must be kept and safe guarded for audit purposes by the Director Corporate Services.
2. A register must be maintained and managed for each lease agreement Council entered into.

Q. Asset Management

1. Together with the asset control officer, each Director must ensure that all office bound employees in his/her directorate has an updated asset inventory in his/her office available for inspection.
2. No transfer of assets between different locations is allowed, unless the prescribed document, available from the asset control officer, is completed prior to the transfer.
3. No official is allowed to remove, use, keep or safeguard any assets from council's premises to a private property unless authorized thereto by the Municipal Manager in writing. The borrowing of council's assets

without the written permission from the Municipal Manager is strictly forbidden.

4. Continues asset verification, on a monthly basis, will be done by the asset control officer in conjunction with the Deputy CFO and a written monthly report will be submitted to the CFO. An annual asset verification exercise will be done during May and June, where-after the outcome will be reconciled to the general ledger and the findings be reported to Council.
5. No assets may be removed or deleted from council's asset register without a Council resolution authorizing such a removal or deletion.
6. The Supply Chain Unit is the only section authorized to purchase an asset item, regardless of the budget allocation thereof. The normal procurement process as per the SCM policy will be applicable on the purchase of assets. Any procurement outside this process will be regarded as an unauthorized procurement and will be dealt with in terms of Section 32 of the MFMA.
7. The Asset control officer in consultation with the Supply Chain Unit manager will be responsible for the immediate bar coding and addition to the Asset register as soon as an asset is received. No asset item may be dispatched to the requesting directorate with it being properly bar coded and included in the Asset register. A director is not allowed to accept an asset in his/her directorate unless it is properly bar coded.
8. As far as possible, the location of a bar code on an asset must be standardized and be of such a nature that the part on which it is located cannot be replaced. However, it remains the responsibility of the Director together with the custodian of the asset, to report immediately to the asset control officer if a bar code is removed or damaged in order to replace and record it immediately.
9. Damaged and obsolete assets remains the responsibility of the custodian thereof until a report is submitted to council in which the asset is written off and said asset transferred to the Budget & Treasury Office to be sold on a public auction.
10. It is the responsibility of the custodian of each asset to ensure that all necessary steps are taken to safeguard, protect and maintain the asset under his/her control. The management of each directorate together

with the supervisors is to play an oversight role in this regard. Poor safeguarding and maintenance must be reported immediately in writing to the CFO and Asset Control Officer.

11. Lost, theft or damage to council assets must be reported within 24 hours in writing to the relevant director, asset control officer and CFO. These assets will be replaced or repaired, subjected to budget constraints and need.

Q. Cash Management

1. The CFO is responsible for the day-to-day administration of council's bank accounts and investments. In terms of Section 7 of the MFMA Council may operate a primary bank account only at an institution that is registered in terms of the Bank Act, nr 94 of 1990. The performance of certain bank transactions may be delegated to a senior official (Post levels 1-3) in the Budget & Treasury Office as per the delegated powers of Council. The maintenance of internal controls must be in place to safeguard any unauthorized transactions on council's bank accounts.
2. All cash receiving, including money instruments, must be deposited into Council's primary bank account by no later than the first working day after it was received.
3. Withdrawals from council's primary bank account may only be done via electronic fund transfers (EFT) directly into the bank account of the beneficiary of which the bank details must be provided on the invoice of the service provider/beneficiary.
4. Notwithstanding paragraph 3, the issuing of a cheque may only be done in the following circumstances:
 - a. Refund of deposits held for rental of halls and other facilities of council;
 - b. Refund of consumer deposits;
 - c. Replenishment of petty cash and floats to cashiers;
 - d. Payment to a beneficiary under circumstances where EFT is not possible due to:
 - i. Incorrect information supplied by the beneficiary which could not be corrected;
 - ii. Connection failures and system errors to avoid late payment or interest charges.
 - e. Withdrawal of cash for the payment of wages to temporary workers.

5. The transfer of funds from a secondary bank account, excluding cheques, to a beneficiary is forbidden. Funds may only be transferred from a secondary account or investment account to the primary account of Council. All transfers between council's bank/investment accounts will be via EFT.
6. All accounts of the municipality will be operated under the name of: "Victor Khanye Local Municipality".
7. All cashiers as well as any other official, authorized thereto, who receive money on behalf of council, will issue an official receipt as and when the money is received. All funds received will be reconciled on a daily basis. Surpluses must be paid into the designated vote, whilst all cash shortages will be recovered from the involved official/cashier.
8. The Municipal manager and CFO are responsible for the investment of council's surplus funds as per the delegation of Council. Written quotations with regards to interest (ROI) must be obtained and surplus funds must be invested as per the promulgated legislation and regulations.
9. The payment of a commission to an municipal official to attract an investment, be it in monetary value or in-kind, before or after the investment, is strictly forbidden.
10. Proper record in the form of an investment register should be kept of all investments made and withdraw during a financial year. Said register must be reconciled with the general ledger at year end. The register must provide the following information in respect of each investment and institution:
 - a. Name of the institution where the investment is held;
 - b. Amount invested at each institution;
 - c. Transaction trail of all deposits and withdrawals;
 - d. Amount accrued as interest on the investment;
 - e. Interest rates and maturation date;
 - f. Reconciliation information with the general ledger.
11. The investment of any funds abroad is strictly forbidden. All surplus funds must be invested within the borders of South Africa.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

ASSET MANAGEMENT POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

ABBREVIATIONS

AM	: Asset Management
AMS	: Asset Management System
CFO	: Chief Financial Officer
COGTA	: Department of Co-operative Governance and Traditional Affairs
EMES	: Department of Economic Service-Director
EPWP	: Expanded Public Work Programme
GAMAP	: General Accepted Municipal Accounting Practice
GIS	: Geographical Information System
GRAP	: Standard of Generally Recognised Accounting Practice
HR	: Human Resources
IAM	: Infrastructure Asset Management
IAMP	: Infrastructure Asset Management Plan
IAMS	: Infrastructure Asset Management Strategy
IAR	: Infrastructure Asset Register
IAS	: International Accounting Standards
IDP	: Integrated Development Plan
IT	: Information Technology
KPI	: Key Performance Indicators
LM	: Local Municipality
MFMA	: Municipal Finance Management Act
O&M	: Operation and Maintenance
OHSA	: Occupational Health and Safety Act
R	: Rand
SCM	: Supply Chain Management
SDBIP	: Service Delivery and Budget Implementation Plan
TOR	: Terms of Reference
VAT	: Value Added Tax
VKLM	: Victor Khanye Local Municipality

1. PURPOSE OF THIS DOCUMENT

This document indicated the policy of Victor Khanye Local Municipality (VKLM) for the management of its fixed assets. Detailed procedures are provided in a separate document. The policy commits the Municipality to establishing and maintaining an asset register that complies with the latest accounting standards, and managing the assets in a way that is aligned with the Municipality Strategy objectives and recognised good practice.

2. BACKGROUND

1.1 CONSTITUTIONAL AND LEGAL FRAMEWORK

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- Providing democratic and accountable government for local communities;
- Ensuring the provision of services to communities in a sustainable manner;
- Promoting social and economic development;
- Promoting a safe and healthy environment ; and
- Encouraging the involvement of communities and community organisations in matter of local government.

The manner in which a municipality manages its PPE is central to meeting the above challenges. Accordingly the Municipal Systems Act (MSA) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Municipal Manager. The OHS requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its fixed assets safe.

1.2 ACCOUNTING STANDARDS

The MFMA requires municipalities to comply with the standards of Generally Recognised Accounting Practice (GRAP), in line with international practice.

Key changes include the recognition of depreciation of assets as an expense, and conditional grant as revenue when it is utilised. A Government Grant Reserve and a Donations and Public Contribution Reserve are established, based on the source of funding. Immovable assets are unbundled and each significant component is individually recognised and accounted for PPE are measured at cost, though in cases where it is impracticable to establish the cost (e.g. where there are no reliable records, or records cannot be linked to specific assets), the cost is deemed to be the fair value of the immovable PPE. In cases where there is an

active market for assets, valuation is on a market basis, whereas specialised buildings(such as community facilities)and infrastructure (such as a water supply network) are valued using a depreciated replacement cost. Significant changes in the value of immovable property, plant and equipment over time may be reflected through periodic revaluation.

As a medium capacity municipality, VKLM was required to convert to applicable standard of GRAP on 01 July 2008.

1.3 MANAGEMENT OF INFRASTRUCTURE ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:

- Long-term sustainability and risk management;
- Services delivery efficiency and improvement;
- Performance monitoring and accountability;
- Community interaction and transparent processes;
- Priority development of minimum basic services for all, and
- The provision financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation- for the above objectives to be achieved, the IDP need to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintenance and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of department of the municipality, including infrastructure, community services, financial planning, and corporate services .

COGTA has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan(IAMP) is prepared for each sector (such as potable water, roads etc).

These plans are used as inputs into a Comprehensive Infrastructure Plan(CIP) that presents as integrated plan for municipality covering all infrastructure . The arrangements outlined in the COGTA guidelines are further strengthened by the provision of National Treasury's Local Government Capital Asset Management Guidelines. This is in line with the practice adopted in national and provincial spheres of government in terms of government –wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

3. OBJECTIVES

The objective of this policy is for the municipality to:

- Implement prevailing accounting standards ; and
- Apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

4. APPROVAL AND EFFECTIVE DATE

The CFO is responsible for the submission of this document to Council to consider its adoption after consultation with the Municipal Manager.

Council shall indicate the effective date for implementation of the policy.

5. KEY RESPONSIBILITIES

Municipal Manager

The Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The Municipal Manager shall ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's fixed assets are valued in accordance with the standard of generally recognised accounting practice;
- That the municipality has and maintains a system of internal control for fixed assets, including an asset register; and
- The Directors and their teams comply with this policy.

As accounting officer of the municipality, the Municipal Manager shall be principal custodian of the entire municipality's assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the Municipal Manager shall be responsible for the preparation, in consultation with the CFO and Directors, of procedures to effectively and efficiently apply this policy.

Chief Financial Officer

The Chief Financial Officer (CFO) is responsible to the Municipal Manager to ensure that the financial investments in the municipality's assets are safeguarded and maintained.

The CFO, as one of the Directors of the municipality, shall also ensure, in exercising his financial responsibilities that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilised effectively, efficiently, economical and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to immovable assets;
- The systems, procedure and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of the Audit-General;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- The Directors and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;

- This policy and support procedures are established, maintained and effectively communicated.

The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be fixed asset registrar of the municipality and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

Directors

Directors (the managers directly accountable to the Municipal Manager) shall ensure that:

- The municipal resources assigned to them are utilised effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be input to the municipal fixed asset register;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management system, processes and controls can provide an accurate, reliable and up to date account of immovable assets under their control;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Manage the asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

The Directors may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.

6. POLICY AMENDMENT

Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the CFO in consultation with the Municipal Manager and respective Directors. The recommendations of the CFO shall be considered for adoption by Council.

7. RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management and Insurance Policy.

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- Delegation of Powers
- SCM Policy
- Tariff Policy
- Property Rates Policy
- Risk Management Policy
- Cash and Investment Management Policy

8. REFERENCES

The following references were observed in compiling this document:

- Asset Management Framework, National Treasury, 2004
- Guidelines for Infrastructure Asset Management in Local Government , Department of Provincial and Local Government,2006
- Municipal Finance Management Act,2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 2000
- Municipal Structures Act,1998
- Accounting Standard Board
- MFMA Circular 18 & 44
- Local Government Capital Asset Management Guidelines, National Treasury,2008
- Government Gazettes(30013&31021)
- Generally Recognised Accounting Practise(1 ,3, 5, 9 ,11 ,14 ,16 ,17 ,100 and 102)
- Internationally Accounting Standards(IAS 16 AND IAS 36)
- Exposure draft on Heritage Assets(ED44)
- Municipal transfer and disposal regulations, Government Gazette no.31346

9. POLICY FORMAT

Figure 1 gives an overview to the format of presentation of this policy document, and how it links to a separate document that provides the procedure.

application in POLICY	Definit ions and Rules	Extract from the accounting standards and their interpretation for the municipality
in line	Policy statement	DOCUMENT A statement that reflects the specific policy adopted by the municipality, with the applicable accounting standards
policy	Responsibilities	Allocation of key responsibility areas to give effect to the adopted

PROCEDURES Actions to effectively implement the key responsibility areas indicated in the policy
DOCUMENTS

10. POLICY FOR FIXED ASSET ACCOUNTING

10.1. RECOGNITION

a) Definitions and rules

Asset

An asset is defined as a resource controlled by an entity as a result of past events and from which future economic benefits or service potential associated with the item will flow to the entity.

Fixed Asset

A fixed asset (also referred to as "non-current asset") is an asset with an expected useful life greater than 12 months.

PPE

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rentals to other, or for administrative purposes; and are expected to be used during more than one period. This includes items necessary for environment or safety reasons to leverage the economic benefits or service potential from other asset. Insignificant items may be aggregated. Property, plant and equipment are broken down into groups of assets of a similar nature or function in the municipality's operations for the purpose of disclosure in the financial statements.

Immovable PPE

Immoveable assets are fixed structures such as buildings and roads. A plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immoveable asset (though it may be temporarily removed for repair)

Heritage Assets

If the municipality holds as asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

Investment Property

Investment property is defined as property (Land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capitals appreciation, or both (rather than for use in the production or supply of goods or services or for administration purpose or sale in the ordinary course of operations). Examples of investment property are office parks, shopping centres or housing financed and managed by a municipality (or jointly with other parties). There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the land has been determined.

Intangible Assets

Intangible assets are defined as identifiable non-monetary assets without physical substances. Examples are

licenses/rights,(such as water licenses),servitudes and software.

Spares

Spares and materials used on a regular basis in the ordinary course of operations are usually carried as inventory (i.e. they are not usually considered fixed assets) and are expensed when consumed. Spares that constitute an entire or significant portion of a component type, or a specific component, defined in the immovable PPE asset hierarchy are considered capital spare parts and are recognised as an item of PPE immediately that they are available for use and in a location and condition necessary for it to be capable of operating in a manner intended by management.

Items used irregularly

Tangible items that are used in the production or supply of goods or services on an irregular basis (such as standby equipment) are recognised as items of PPE.

Useful life

Useful life is defined as the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by an entity.

Control

An item is not recognised as an asset unless the entity has the capacity to control the service potential or future economic benefit of the asset, is able to deny or regulate access of that benefit, and has the ability to secure the future economic benefit of that asset. Legal title and physical possession are good indicators of control but are not infallible.

Past transactions or events

Assets are only recognised from the point when some event or transaction transferred control to an entity.

Probability of the flow of benefits or service potential

The degree of certainty that any economic benefits or service potential associated with an item will flow to the municipality is based on the judgement. The Municipal Manager shall exercise such judgement on behalf of the municipality, in consultation with the CFO and respective Director.

Economic benefits

Economic benefits are derived from assets that generate net cash inflow.

Service Potential

An asset has service potential if it has the capacity, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the municipality, such as the provision of services.

Leased assets

A lease is an agreement whereby the lesser conveys to the lessee (in this case, the municipality) the right to use an asset for an agreed period of time in return for a payment. Leases are categorised into finance and operating leases. A finance lease that transfers substantially all risks and rewards incident to ownership of an asset, even though the title may not eventually be transferred (substance over form). Where the risks and rewards of ownership of the assets are substantially transferred to the municipality, the lease is regarded as a finance lease recognised by the municipality. Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payments are expensed in the income statement on a systematic basis (straight-line basis over the lease term).

Asset custodian

The department that controls an asset, as well as the individual (asset custodian) that is responsible for the operations associated with such asset in the department, is identified by the respective Director, recorded, and communicated on recognition of the asset.

Reliable measurement

- b) Items are recognised that possess a cost or fair value that can be reliably measured in terms of this policy.

c) Policy statement

The municipality shall recognise all fixed assets existing at the time of adoption of this policy and the development of new, upgraded and renewed assets on an on-going basis. Such assets shall be capitalised in compliance with prevailing accounting standards.

d) Responsibilities

- The CFO, in consultation with the Municipal Manager and Directors, shall determine effective procedures for the recognition of existing and new assets.
- Every Director shall ensure that all assets under their control are correctly recognised as assets.
- The Municipal Manager shall make recommendations to the Council as to the threshold monetary value for assets for which accelerated depreciation shall apply.
- The CFO shall keep a lease register with the following minimum information: name of the lesser. Description of the asset, fair value of the asset at inception of the lease, lease commencement date, lease termination date, economic useful life of the asset, lease payments, and any restrictions in the lease agreement.

10.2. CLASSIFICATION OF FIXED ASSETS

a) Definitions and rules

PPE of Asset Categories

The accounting categories of fixed assets are as follows:

1. Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations, that is shown as a single class for the purposes of disclosure in the financial statements);
2. Intangible assets; and
3. Investment property

Class of PPE

A class of PPE is defined as a group of assets of a similar nature or function in the municipality's operations. The total balance of each class of assets is disclosed in the notes to the financial statement.

PPE asset hierarchy

An assets hierarchy is adopted for PPE which enables separate accounting of parts (or components) of the asset that are considered significant to the municipality from a financial point of view, and for other reasons determined by the municipality including risk management(in other words, taking into account the criticality of components) and alignment with the strategy adopted by the municipality in asset renewal(for example the extent of replacement or rehabilitation at the end of life) In addition, the municipality may aggregate relatively insignificant items to be considered as one asset. The structure of the

hierarchy recognises the functional relationship of assets and component

PPE Infrastructure

Infrastructure assets are immovable assets which are part of a network of similar assets.

PPE Community Property

Community property assets are immovable assets contributing to the general well-being of the community, such as community halls and recreation facilities.

PPE Heritage Assets

Heritage assets are assets of cultural, historic or environmental significance, such as monuments, nature reserves, and work of art. Some heritage assets have more than one purpose, e.g. a historical building which, in addition to meeting the definition of a heritage asset, is also used as office accommodation. The municipality needs to determine whether the significant portion of the asset meets the definition of a heritage asset. The entity must use its judgement to make such assessment. The asset should be accounted for as a heritage asset if, and only, the definition of a heritage asset is met, and only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purpose. If a significant portion is used for production, administrative purpose or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on PPE.

PPE Building Property

PPE building property assets are buildings that are used for municipal operations such as administration building and rental stock or housing not held for capital gain.

Intangible Assets

Intangible assets are defined as identifiable non-monetary assets without physical substance. Examples are licenses/rights, (such as water licenses), servitudes and software.

Investment Property

Investment property is defined as property (Land and/or a building, or a part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or for capital appreciation, or both (rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of operation). Examples of investment property are office parks, shopping centres or housing financed and managed by a municipality (or jointly with other parties). There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

In the case of a fixed asset not appearing in the adopted classification structure, a classification that is most closely comparable to the asset in question is used.

Non-current assets held for sale

A non-current asset (or disposal group) is considered to be “held for sale” if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. A fixed asset classified as a “non-current asset held for sale” shall be reclassified as a current asset, and will therefore be taken off the Asset Register. This provision does not apply to assets that are abandoned.

To be classified as “Held for sale”, the asset must be available for immediate sale (i.e. to be completed within a year) in its present condition, and it must be highly probable that the sale will take place (management must be committed to a plan to sell the asset and an active programme to locate a buyer must have been initiated). Sale transactions include exchange of non-current assets for other non-current assets when the exchange has commercial substance. If the municipality acquires a fixed asset exclusively for the purpose of selling it, it shall be classified as a “non-current asset held for sale” at its acquisition date only if all the above requirements are met.

An extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the municipality’s control and there is sufficient evidence that the municipality remains committed to its plan to sell the asset. However, if the municipality has classified an asset as held for sale, but the criteria are no longer met, the municipality shall cease to classify the asset as held for sale.

If the criteria are not only met after the reporting date, the municipality shall not classify the non-current asset as held for sale in those financial statements when issued. However when those criteria are met after the reporting date but before the authorisation date reporting, disclose a description of the non-current asset; a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected disposal, and the expected manner and timing of disposal, and if applicable, the segment in which the non-current asset (or disposal group) is presented.

b) Policy Statement

The following asset categories, sub-categories and groups shall be used at the highest level of the classification structure for fixed asset

CATEGORY	SUB CATEGORY	GROUP
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Infrastructure assets	Electricity Network	HV Network(>33Kv)
		MV Network(< = 33Kv)
		LV Network(<1000V)
	Road and Storm-water Network	Roads
		Roads Structure
		Road Furniture
		Storm-water
	Water Supply Network	Boreholes
		Bulk Mains
		Dams & Weirs
		Distribution
		Distribution Points
		Pump Stations
		Reservoirs
		PRV Stations
		Water Treatment Works (WTW)
	Sanitation Network	Outfall Sewers
		Pump Station
		Reticulation
		Toilet Facilities
		Waste Water Treatment Works (WWTW)
		Halls/Centres

Community Assets	Community Facilities	Crèches
		Clinics/Care Centres
		Libraries/Museums /Galleries/Theatres
		Cemeteries/Crematoria
		Parks
		Public Open space
		Public Ablution Facilities
		Markets/Stalls/Shops
		Landfill Site
		Waste Transfer Stations
		Waste Processing Facilities
		Abattoirs
		Airports
		Bus Terminal/Taxi Ranks/Parking
Heritage Assets	Sport & Recreation Facilities	Indoor Facilities
		Outdoor Facilities
	Monuments	All
	Works of Art	All
	Conservation Area	All
	Historic Building	All
	Other heritage	All

Other Assets	Operational Building	Municipal Offices
		Pay/Enquiry Points
		Fire/Ambulance Stations
		Testing Stations
		Building Plan Office
		Workshops
		Yards/Depots
		Stores
		Laboratories
	Housing	Staff Housing
		Social Housing
	Operational Plant & Equipment	All
	Capital Spares	Capital Spares-Electricity
		Capital Spares-Road, rails and storm-water
		Capital Spares-Water Supply
		Capital Spares-Sanitation
		Capital Spares-Community & Other assets
Investment Property	Investment Property	Improved Property
		Unimproved Property
		Electricity Servitudes

Intangible Assets	Servitudes	Road Access Servitudes
		Rail Servitudes
		Storm-water Servitudes
		Water Servitudes
		Sanitation Servitudes
	Licenses, Rights	Water Rights
		Effluent Licenses
		Solid Waste Licenses

Asset hierarchies shall be adopted for each of the PPE asset group, separately identifying items of PPE at component level that are significant from a financial or risk perspective, and, where applicable, grouping items that are relatively insignificant. Land associated with Community Property, Heritage Property, Heritage Assets and Building Property shall be included at component level.

PPE shall be disclosed in the financial statements at the sub-category level.

The Director of the Social Services Department will consider the recognition of assets as heritage assets and motivate their recommendation for adoption by council.

c) Responsibilities

- The CFO shall ensure that the classification of assets adopted by the municipality complies with the statutory requirements.
- The CFO shall consult with the Directors responsible for assets to determine an effective and appropriate asset hierarchy for each class of assets to component level and record such in the AM procedures documents.
- Every Director shall ensure that all assets under their control are classified correctly.
- Every Director shall advise the CFO when assets should be re-classified.

10.3. IDENTIFICATION

a) **Definition and Rules**
Asset coding system

An asset coding system is the means by which the municipality is able to uniquely identify each asset (at the lowest level in the adopted asset hierarchy) in order to ensure that it can be accounted for on an individual basis.

b) **Policy Statement**

A coding system shall be adopted and applied that will enable each asset (with PPE at the lowest level in the adopted asset hierarchy) to be uniquely and readily identified.

c) **Responsibilities**

- The Municipal Manager shall develop and implement an asset coding system in consultation with the CFO and other Directors to meet the policy objective.
- Directors shall ensure that all the assets under their control are correctly coded.

10.4. ASSET REGISTER

a) Definitions and Rules
Fixed Asset Register

A fixed asset register is a database with information relating to each asset. The fixed asset register is structured in line with the adopted classification structure. The scope of data in the register is sufficient to facilitate the application of the respective accounting standard for each of the asset classes, and the strategic and operational asset management needs of the municipality.

Completeness of Data

It is recognised that it may not be practicable to complete all the required fields when compiling the initial asset register when converting to the new GRAP standards of accounts. However, processes have to be established so that all the data fields can be completed on an on-going basis on adoption of this policy.

Updating data in the Asset Register

The fixed asset register is updated by an Asset Manager only when authorised and instructed to do so by the CFO. The Asset Register Administrator is precluded from being a custodian of an Asset Register.

b) **Policy Statement**

A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The fixed asset register shall be updated and reconciled to the general ledger on a regular basis.

c) Responsibilities

- The CFO shall define the format of the fixed asset register in consultation with the Municipal Manager and the Directors, and shall ensure that the format complies with the prevailing accounting standards.
- Directors shall provide the CFO with the data required to establish and update the asset register in a timely fashion.
- The CFO shall establish procedure to control the completeness and integrity of the asset register data.
- The CFO shall ensure proper application of the control procedures.

10.5. MEASUREMENT RECOGNITION

a) Definitions and rules

Measurement at recognition of PPE

An item of PPE that qualifies for recognition is measured at cost. Where an asset is required at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of PPE, such as on recognising PPE for which there are no records or records cannot be linked to specific assets, its cost is deemed to be its fair value.

Measurement at recognition of investment property

Investment property will be measured at cost including transaction cost at initial recognition. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or nominal value), its cost is its fair value at the date of acquisition.

Measurement at recognition of intangible assets

Intangible assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

Fair Value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable,

willing parties in an arm's length transaction. Market values obtained from a qualified valuer can be used where there is an active and liquid market for asset (For example: land and some types of plant and equipments). In the case of specialised buildings (Such as community buildings) and infrastructure where there is no such active and liquid market, a depreciation replacement cost (DRC) approach may be used. Assessment of fair value ate to be made by professional with qualifications and appropriate knowledge and experience in valuation of the respective assets.

Cost of an item of infrastructure

The capitalisation value comprises (i) purchase price and (ii) any directly attributable cost necessary to bring the asset to its location and condition necessary for it to be operating in the manner intended by the municipality, plus (iii) an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. VAT is excluded (unless the municipality is not allowed to claim input VAT paid on purchase of such assets- in such an instance, the municipality should capitalise the cost of the asset together with VAT).

Cost associated with heritage assets

Costs incurred to enhance or restore a heritage asset to preserve its indefinite useful life should be capitalised as part of the cost of the asset. Such costs should be recognised in the carrying amount of the heritage asset as incurred.

Directly Attributable Costs

Directly attributable costs are defined as:

- Cost of employee benefits arising directly from the construction or acquisition of the item.
- Costs of site preparation;
- Initial delivery and handling;
- Installation and assembly costs, cost of testing whether the asset is functioning properly, after deduction the net proceeds from selling ant item produced while bringing the asset to that location and condition;
- Commissioning(Cost of testing the asset to see if the asset is functioning properly, after deducting the net proceeds from selling an item produced while bringing the asset to its current condition and location,); and
- Professional fees (for example associated with design fees, supervision, and environmental impact assessments)(in the case of all asset classes)

Changes in the existing decommissioning costs or Restoration costs included in the costs of an item

Changes in the measurement of an existing decommissioning cost or restoration cost as a result of changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, should be treated as follows:

1. If the cost model is used-
 - Changes in the liability shall be added to or deducted from the cost of the related asset.
 - If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
 - If the adjustment results in an additional to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount may not be recoverable. In this case the municipality should test the asset for impairment.
2. If the revaluation model is used-
 - A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
 - An increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.
 - If the decrease in liability exceeds the carrying amount that would have recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
 - If the change in liability is an indication the asset may have to be re-valued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be taken into account in determining the amounts to be taken to surplus

or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.

Exchange PPE Assets

In cases where assets are exchanged, the cost is deemed to be fair value of the acquired asset and the disposed asset is de-recognised. If the acquired asset is not measured at its fair value, its cost price will be the carrying amount of the asset given up.

Finance Leases

A finance lease is recognised by the municipality (the lessee) at the commencement of a lease as an asset and liability in the statement of financial position at equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease contract, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognised as an asset.

Depreciated replacement cost

The depreciated replacement cost (DRC) approach requires information on the expected useful life (EUL), residual value (RV), current replacement cost (CRC), and remaining useful life(RUL) of each of the asset components. The CRC is the product of a unit rate and the extent of the component and represents the cost of replacing the asset, and in cases where the existing asset is obsolete, the replacement with a modern equivalent. The depreciable portion cost (DRC) is established by proportionately reducing the depreciable portion based on the fraction of the remaining useful life over the expected useful life.

Accordingly, the following formula is used:

$$\text{DRC} = (\text{CRC} - \text{RC}) \times \text{RUL} / \text{EUL} + \text{RV}$$

Replacement costs are "green field", unless there is evidence of definite cost variance due to "brown-field" modifications. Capital unit costs vary from site to site and provision is made for site specific influencing factors (e.g. topography). Capital unit costs are also influenced by macro-economic driving forces such as "supply-and-demand", economy of scale, financial markets and availability of contractors, and the impact of these factors are reflected in the capital unit rates where applicable .

Adjustments of assets for escalation to the valuation date are applied.

Self-constructed PPE

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality. All assets that can be classified as fixed assets and that are constructed by the municipality should be recorded in the asset register and each component that is part of this asset should be depreciated over its estimated useful life for that category of asset. Proper records are kept such that all costs associated with the construction of these are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalised as an asset.

Construction of future investment property

If property is developed for future use as an investment property, such property shall in every respect be accounted for as PPE until it is ready for its intended use-then it shall be classified as an investment property.

Borrowing costs

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include at interest on bank overdrafts and short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign borrowings when these are regarded as an adjustment to interest costs. Borrowing costs shall be capitalised if related to construction of a qualifying asset(one that necessarily takes a substantial period of time to get ready for its intended use or sale) and external funding is sources to fund the project, i.e.: interest during construction”.

In the following cases it is inappropriate to capitalise borrowing costs:

- It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded i.e. capital or current. In such case, the municipality shall expense those borrowing

costs related to a qualifying asset directly to the statement of financial; performance.

- In exceptional cases the municipality is allowed to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. It may be difficult for the municipality to identify a direct relationship between an asset and borrowing costs incurred because the financial activity is controlled centrally and it will not always be possible to keep track of the specific borrowing costs which should be allocated to the qualifying asset. As a reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the borrowing cost.

Non-current asset held for sale

Assets classified as non-current assets held for sale shall be measured at the lower of its carrying value and its fair value less cost to sell immediately before meeting the criteria for such classification, it is recognised in the asset register and measured at the lower of:

- Its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been as held for sale, or
- Its recoverable amount or recoverable service amount at date of the subsequent decision not to sell.

The municipality shall include any required adjustment to the carrying amount of a fixed asset that ceases to be classified as held for sale in revenue of the continuing operations in the period in which the criteria to be held for sale are no longer met. The municipality shall present that adjustment in the same Statement of Financial Performance used to present a gain or loss.

Deferred payment

The cost of an asset is the cash equivalent at the recognition date. If the payment of the cost price is deferred beyond normal credit terms, the difference between the cash price equivalent (the total cost price is discounted to the asset's present value as at the transaction date) and the total payment is recognised as an interest expense over the period of credit unless such interest is recognised in the

carrying value of the asset in accordance with the allowed alternative treatment in the Standard on Borrowing Costs, GRAP 5.

b) Policy Statement

Fixed asset that qualify for recognition shall be capitalised at cost. Interest on deferred payment will be expensed.

In cases where complete data is not available or cannot be reliably linked to specific assets:-

- The fair value of PPE infrastructure, community property and building property shall be adopted on the recognition at a fair measurement cost.
- If the cost of heritage assets cannot be measured reliably, this should be disclosed in the notes to the financial statements together with a description of the nature of the asset.
- Investment property and intangible assets shall be measured at fair value on date of acquisition.

d) Responsibilities

- The CFO, in consultation with the Municipal Manager and Director's, shall determine effective procedures for the capitalisation of fixed assets on recognition.
- Every Director shall ensure that all fixed assets under their control are correctly capitalised.
- Every Director shall advise the CFO of any deferred payments from the municipality, providing the relevant details of such.

10.6. MEASUREMENT AFTER RECOGNITION

a) Definitions and Rules

Options

Accounting standards allow measurement after recognition of assets as follows:

- PPE and intangible assets: on either a cost or revaluation model; and
- Investment Property: either cost model or the fair value model.

Different models can be applied, providing the treatment is consistent per asset class.

Cost Model

When the cost model is adopted, a fixed asset is carried after recognition at its cost less any accumulated depreciated and any accumulated impairment losses.

Revaluation Model

When the revaluation model is adopted as asset is carried after recognition at a re-valued amount. Being its fair value at the date of

revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets should be re-valued. Revaluation is to be executed by persons with suitable professional qualifications and experience. Any change to an asset's carrying amount as a result of revaluation, is credited (or deducted from any surplus from previous revaluations if the re-valued amount decrease from the previous re-valued amount) in the Revaluation Reserves.

The revaluation surplus is transferred to the Accumulated Surplus (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such immovable asset before the revaluation in question may be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. An adjustment of the aggregate transfer is made at the end of each financial year. If carrying amount based on the revaluation is less than the carrying value of the immovable asset recorded in the fixed asset register, the carrying value of such asset is adjusted by increasing the accumulated depreciation of the immovable asset in question by an amount sufficient to adjust the carrying value to the value based on the revaluation. Such additional depreciation expenses form a charge, in the first instance, against the balance in any Revaluation Reserve previously created for such asset, and to the extent that such balance is sufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the asset in question in.

Investment Property

When the fair value model is adopted, all investment property should be measured at its fair value except when the fair value cannot be determined reliably on a continuing basis. The gain or loss from the change in fair the fair value of investment property shall be included in the surplus or deficit for the period in which it arises. The fair value of the investment property shall reflect market conditions at the date. Investment property shall be valued on an annual basis. All fair value adjustments shall be included in the surplus or deficit for the financial year.

Statutory inspections

The cost of a statutory inspection that is required for the municipality to continue to operate immovable PPE is recognised at the time the cost is incurred, and any pervious statutory inspection cost is de-recognised.

Expenses to be capitalised

Expenses incurred in the enhancement of PPE (in the form of improved or increased services or benefits flowing from the use of such asset), or in the material extension of the useful operating life of PPE are capitalised. Such expenses are recognised once the municipality has beneficial use of the asset (be it new, upgraded, and/or renewed)-prior to this, the expenses are recorded as work-in-progress. Expenses incurred in the maintenance or repair (reinstatement) of PPE that ensures that the useful operating life of the asset is attained, are considered as operating expenses and not capitalised, irrespective of the quantum of the expenses concerned.

Spares

The location of capital spare shall be amended once they are placed in service, and re-classified to the applicable PPE asset sub-category.

b) Policy Statement

Measurement after recognition shall be on the following:-

- Immoveable PPE: Cost Model.
- Moveable PPE: Cost Model.
- Heritage Assets: Cost Model.
- Investment Property: Cost Model.
- Intangible Assets: Cost Model.

Changes in asset value as a result of revaluation shall be reflected in a Revaluation Reserve.

c) Responsibilities

- The CFO, in consultation with the Municipal Manager and Director's, shall determine effective procedures for the capitalisation of fixed assets on recognition.
- Every Director shall ensure that all fixed assets under their control are correctly capitalised.
- Every Director shall advise the CFO of any deferred payments from the municipality, providing the relevant details of such.

10.7. DEPRECIATION

a) Definition and Rules

Depreciation

Depreciation is the systematic allocation of the depreciation amount of an asset over its remaining useful life. The amortisation of intangible assets is identical.

Land is considered to have unlimited life; therefore it is not depreciated. Heritage assets and investment property are also not depreciated.

Residual value

The residual value is the estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual values of assets are indicated in ANNEXURE A and B in the form of a percentage. In the case of assets measured after recognition on the cost model, the percentage is of the initial cost of acquisition. In the case of assets measured after recognition on the revaluation model, the percentage is of the modern equivalent replacement value.

Depreciation Method

Depreciation of PPE is applied at the component level. A range of depreciation methods exist and can be selected to model consumption of service potential or economic benefit (for example the straight line method, diminishing amount method, fixed percentage on reducing balance method, sum of the year digits method, production unit method). The approach used should reflect the consumption of the future economic benefits or services potential, and should be reviewed annually where there has been a change in the pattern of consumption.

Remaining useful life

The remaining useful life of a depreciable PPE asset is the time remaining until an asset ceases to provide required standard of performance or economic usefulness.

The remaining useful life of all depreciable PPE assets at initial recognition is the same as the expected useful life indicated in ANNEXURE A and B. These figures have been established using available information on industry norms, experience of local influencing factors (such as climate, geotechnical conditions and operating conditions), the life-cycle strategy of the municipality, potential technical obsolescence, and legal limits on the use of the assets.

Annual review of remaining useful life

The remaining useful lives of depreciable PPE are reviewed every year at the reporting date. Changes may be required as a result of new, updated or more reliable information being available. Changes may also be required as a result of impairments (as contemplated in Section 10.8 of this policy). Depreciation charges in the current and future reporting periods are adjusted accordingly, and are accounted for as a change in an accounting estimate.

Depreciation charge

Depreciation starts once an asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and ceases when it is de-recognised. Depreciation is initially calculated from the day when an item of PPE is acquired or-in the case of construction works and plants and machinery- the day in which the PPE is available for use, until the end of the calendar month concerned. Therefore, depreciation charges are calculated monthly.

Carrying Amount

The carrying amount is the cost price/fair value amount after deducting any accumulated depreciation and accumulated impairment losses.

Spares

The depreciation of capital spares commences immediately when it is available and in the location and condition necessary for it to be capable of operating in the manner intended by management. The depreciation continues once they are placed in services, or subsequently removed from services.

Finance Lease

Depreciation assets financed through a finance lease will give rise to a depreciation expense and finance cost which will occur for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with the policy of depreciable owned assets, and the depreciation recognised shall be calculated in accordance with the Standard on Property, Plant and Equipment, GRAP 17. If there is no reasonable certainty that the municipality will

obtain ownership by the end of the lease term, the asset will be fully depreciated over the asset's useful life.

b) Policy Statement

All PPE, except land and heritage assets, shall be depreciated over their remaining useful lives. Intangible assets (except servitudes) will be amortised over their remaining useful life. The method of depreciation be reviews on an annual basis, though the straight line basis shall be used in all cases unless Council determines otherwise.

c) Responsibilities

- Every Director shall ensure that a budgetary provision is made for the depreciation of PPE assets under their control in the ensuing financial year, in consultation with the CFO.
- The CFO shall indicate a fixed annual date for the review of the remaining useful life of PPE under the control of the respective Directors.
- Every Director shall annually review the expected useful life and residual values stated in ANNEXURES A and B; and the depreciation method of PPE that are under their control and motivate to the Municipal Manager and CFO any adjustments if, in the judgement of the Director, such are not considered appropriate. Changes should not be made on a continuous basis because the accounting principle of consistency would be violated.
- The CFO shall report changes made to the remaining useful life of PPE in the asset register to the Municipal Manager and Council.
- The CFO shall ensure that depreciation charges are debited on a monthly basis and that the fixed asset register is reconciled with the general ledger.

10.8. IMPAIRMENT

a) Definition and Rules

Impairment

Impairment is defined as the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the assets future economic benefits or service potential through depreciation.

Indications of impairment

The municipality must review assets for impairment when one of the indicators below occurs or at least at the end of each reporting period. In assessing whether there is any indication that an asset may be impaired, an entity shall consider as a minimum the following indicators:

- External Sources of Information:
- Decline or cessation in demand;
- Changes in the technological, legal or government policy environment;
- The carrying amount on the net assets of the entity is more than its market capitalisation; or
- Market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- A halt in construction could indicate impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.
- Internal Sources of Information:
- Evidence of Physical Damage;
- Evidence of obsolescence;
- Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected to be used, and reassessing the useful life of an asset as finite rather than indefinite;
- Cash flow for acquiring an asset or maintenance cost thereafter is higher than originally budgeted;
- The actual net cash flow or operating profit or loss flowing from an asset is significantly worse than those budgeted;
- A significant decline in budgeted net cash flow or operating profit, or a significant increase in the budget loss; flowing from the asset; or
- Operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

I. Other indications, such as loss of market value.

Impairment of projects under construction

In assessing whether a halt in construction would trigger an impairment test, it should be considered whether

construction has simply been delayed or postponed, whether the intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postpones to a specific future date, the project may be treated as work in progress and is not considered as halted.

Intangible assets

The municipality must test all intangible assets not yet available for use or which have an indefinite useful life for impairment. This impairment test may be performed at any time during the reporting period it is performed at the same time every year.

Significant and Enduring nature

The municipality must only record impairments that are significant and have an enduring adverse effect (material and long-term impact). The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable services amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

Impairment loss

An impairment loss of a non-cash-generating unit or asset is defined as the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

An impairment loss of a cash-generating unit (smallest group of assets that generate cash flows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use.

Non-cash generating units

Non-cash-generating units are those assets (or group of assets) that are not held the primary objective of regenerating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable amount is the higher of the assets fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not

traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain. However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable. For non-cash regenerating assets which are held on an on-going basis to provide specialised services or public goods to the community, the value in use of the assets is likely to be greater than the fair value less cost to sell. In such cases the municipality may use the assets value in use as its recordable service amount. The value in use of non-cash regenerating unit/asset is defined as the present value of the assets remaining service potential. This can be determined using any of the following approaches:

- The Depreciated Replacement Cost(DRC) approach(and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimised Depreciation Replacement Cost(ODRC) approach may be used);
- The restoration cost approach(the Depreciation Replacement Cost less cost of restoration)-usually used in cases where there has been physical damage; or
- The service unit approach(which could be used for example where a production units model of depreciation is used).

Where the present value of an assets remaining service potential(determined as indicated above)exceeds the carrying value, the asset is not impaired-this will normally be the case unless there has been a significant and enduring event as indicated above.

Cash-generating unit

Cash-generating units are those assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Holding an asset to generate a “commercial return” indicates that an entity intends to generate positive cash inflows from the asset (or from part of the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset. When the cost model is adopted, fair value is determined in accordance

with the rules indicated for measurement after recognition. Costs to sell are the costs directly attributable to the disposal of the asset (for example agent fees, legal costs), excluding finance costs and income tax expenses. The value in use determined by estimating the future cash inflows and outflows from the continuing use of the asset and the net cash flows to be received or (paid) for the disposal of the assets at the end of its useful life, including factors to reflect risk in the respective cash-flows and the time value of money.

Judgement

The extent to which the asset is held with the objective of providing a commercial return needs to be considered to determine whether the asset is a cash generating or non-cash generating asset. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a particular reporting period. Conversely, an asset may be non-cash generating asset even though it may be breaking even or generating a commercial return during a particular reporting period. In some cases it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether extent to which the asset generates cash flows is so significant that the asset is a non-cash-generating-or a cash-generating asset. Judgement is needed in these circumstances.

Recognition of impairment

The impairment loss is recognised as an expense when incurred (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists). After the recognition of an impairment loss, the depreciation charge for the asset is adjusted for future periods to allocate the assets revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

When no future economic benefit is likely to flow ab asset, it is derecognised and the carrying amount of the asset at the time of de-recognition, less any economic benefit from the de-recognition of the asset, s debited to the Standard of Financial Performance as a “ Loss on Disposal of Asset”.

In the event of compensation received for damage to an item of immovable PPE, the compensation is considered as the assets ability to generate income and is disclose under Sundry Revenue; and the asset is impaired/de-recognised.

Reversing the impairment loss

The municipality must assess each year from the source of information indicated above whether there is any indication that an impairment loss recognised in previous years may no longer exist or may have decreased. In such cases, the carrying amount is increase to its recoverable amount (providing that it does not exceeds the carrying amount that would have determined had no impairment loss been recognised in prior periods). Any reversal of an impairment loss is recognised as a credit in surplus or deficit.

b) Policy Statement

Impairment if fixed assets shall be recognised as an expense in the Statement of Financial Performance when it occurs. Ad-hoc impairment shall be identified as part of normal operational management as well as scheduled annual inspections of the assets.

In this regard, the municipality considers itself an entity whose primary objective is to provide goods and services for community or social benefits, and where positive cash flows are generated(such as from sale of trading services such as water services), these are with view to support the primary objective rather than for financial return to equity holders. Consequently the municipality adopts the impairment treatment for non-cash generating units in the impairment o fits PPE and associated intangible assets.

c) Responsibilities

- The CFO shall indicate a annual date for the review of any impairment that may have occurred on assets under the control of the respective Directors.
- The Directors shall review ant impairment on the PPE under their control at the annual review date, and from time to time as a result of any events that come to their attention that may have a material negative effect on the performance of these assets. The Directors shall motivate to the CFO proposed changes to the performance of such assets and the necessary impairment that needs to be recognised on such assts.
- The Directors should evaluate all fixed assets for impairment, taking into consideration ant discussions with Senior Accountants and Operating Managers.
- The Asset Register Administrator should update the fixed asset register with the information received, relating to the impairment, from the financial system where the impairment journal have been processed.

- The CFO shall report changes made to the carrying value of these assets in the asset register to the Municipal Manager and Council.

10.9 DE-RECOGNITION

a) Definition and rules

De-recognition

Assets are derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

The carrying amount of the asset and the net disposal proceeds (or cost of de-commissioning and /or disposal of the asset) shall be included in the surpluses of (deficit) for the year when the item is derecognised.

PPE that is associated with the provision of basic services cannot be disposed without the approval of Council.

Government Gazette no 31346 sets out the regulations regarding municipal asset transferred and disposals, for example type of assets that need approval to be disposed or transferred, timeframes and Council approval.

Disposal of fixed assets should be at fair value. If payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent (the total proceeds discounted to the present value as at the transaction date). The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

b) Policy Statement

Assets for which no future economic benefits or service potential are expected shall be identified and method of disposal and the association costs or income considered by Council. The carrying amount of the asset shall be derecognised when no future economic benefits or service potential are expected from its use or its disposal.

c) Responsibilities

- Fixed assets shall be derecognised only on the recommendation of the Director of the department controlling the asset, and with the approval of the Municipal Manager.

- Every Director shall report to the CFO on fixed assets which such Director wishes to have derecognised, stating in full the reason for such recommendation, indicating whether or not the assts are associated with the provision of basic services. The CFO shall consolidate all such reports, and shall promptly make a submission to the Disposal Committee with a copy to the Municipal Manager on the fixed assets to be derecognised, the proposed method of disposal, and the estimated cost or income from such disposal the Disposal Committee shall consider the submission and make recommendations to the Council for adoption.
- Assets that are replaced in the nominal course of the life-cycle renewal should be derecognised and removed from the asset register.
- The Municipal Manager, in consultation with the CFO and the Directors shall formulate norms and standard from the replacement of all fixed assets.
- Every Director shall advise the CFO of any deferred payment to the municipality, providing the relevant details of such.

10.10 INSURANCE

a) Definition and rules

Insurance provides selected coverage for the accident loss of asset value.

Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury. The municipality can however elect to insure certain infrastructure risks, through approval must be obtained from the Council. The CFO must conduct a risk assessment of all assets and after considering the risks involved, report to council, which assets must be insured. The risk assessment must be based on a loss probability analysis and there is no capacity within the municipality to conduct the analysis, the CFO should be authorised to obtain external professional assistance.

The municipality may elect to operate a self-insurance reserve, in which case the CFO shall annually determine the premiums payable by the department or votes after having received a list of assets and insurable values of all relevant assets from the Directors concerned.

Assets must be insured internally or externally and coverage must be based on the loss probability analysis. All insurance

claims must be assessed by an official, charged with the responsibility for the insurance of assets, to determine whether the damage to the assets can be recovered from possible third parties involved.

If damage was caused by an identifiable third party the CFO should compile a report advising the Municipal Manager of the facts thereof and any possible further action.

b) **Policy Statement**

The municipality must adhere to the disaster management plan from prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster. The Municipal Manager shall decide on insurance cover for assets each financial year based on consultation with the CFO, and advise Council accordingly.

c) **Responsibilities**

- The Municipal Manager consult with the CFO on the basis of insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the asset concerned. The approach shall take due cognisance of the budgetary resources of the municipality, and where applicable asset classes shall be prioritised in terms of their risk exposure and value.
- The Municipal Manager shall advise Council on the insurance approach taken.
- In the event that the CFO is directed by Council to establish a self-insurance reserve, the CFO shall annually submit a report to the Council on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

11. POLICY FOR SAFEGUARDING

a) **Definitions and rules**

The municipality applies control and safeguards to ensure that assets are protected against improper use, loss, theft, malicious damage or accidental damage.

The existence of fixed assets physical verified from time-to-time, and measures adopted to control their use. Budgetary constraints may however constrain the measures adopted.

The municipality may allocate day-to-day duties relating to such control, verification and safekeeping to asset custodians, and record such in the asset register.

b) Policy Statement

An asset safeguarding plan shall be prepared for all fixed assets indicating measures that are considered effective to ensure that all assets under control of the municipality are appropriately safeguarded from inappropriate use or loss, including the identification of asset custodians for all assets. The impact of budgetary constraints on such measures shall be reported to Council. The existence, condition and location of these assets shall be verified annually(in line with the assessment of impairment).

c) Responsibilities

- Each Director shall prepare and submit to the CFO, upon request, an annual asset safeguarding plan for the fixed assets under the control of their respective departments, indicating the budget required. The CFO shall confirm the available budget, and in consultation with the respective Directors, determine the impact of any budget shortfall. The CFO shall report the impacts to the Municipal Manager for review, and advise Council. Each Director shall implement the safeguarding plan within the resource made available.
- Each Director shall report, within the time frame indicated by the CFO, the existence, condition, location and appropriate use of fixed assets under the control of their respective departments at the review date.
- The CFO shall establish procedures for the effective management of movement of assets from one location to another (both internal and external), transfers of assets from one custodian to another, and report damage, in consultation with the Executive Managers.
- Executive Managers shall enforce the application of the procedure for controlling the movement of assets as prescribed by the CFO.
- Executive Manager shall ensure that rented assets, such as photocopy machines, shall not be moved, unless by duly authorised staff.
- Malicious damage, theft, and break-ins must be reported to the Municipal Manager or delegated person within 48 hours of its occurrence or awareness by the respective Director.

- The Municipal Manager must report criminal activities to the South African Police Services.

12. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS

13.

a) Definitions and rules

Service Delivery

Immovable PPE assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance.

Asset Management

The goal of Asset Management of immovable PPE is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers. The core principles are:

- Taking a life-cycle approach;
- Developing cost-effective management strategies for long-term;
- Providing a defined level of service and monitoring performance;
- Understanding and meeting the impact of growth through demand management and infrastructure investment;
- Managing risks associated with asset failures;
- Sustainable use of physical resources, and
- Continuous improvement in the immovable PPE asset management practices.

b) Policy Statement

The municipality shall provide municipal services for which the municipality is responsible, at an appropriate level, and in a transparent, accountable and sustainable manner, in pursuit of legislative requirements and in support of its strategic objectives, according to the following core principles:

- **Effective Governance**

The municipality shall strive to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure

that asset management is conducted properly, and municipal services are provided as expected.

To this end, the municipality shall:

- I. Continue to adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- ii. Regularly review updates and amendments to the above legislation;
- iii. Review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- ii. Effectively apply legislation for the benefit of the community.

- Sustainable Service Delivery

The Municipality shall strive to provide to its customer services that are technically, environmentally and financially sustainable

To this end, the municipality shall:

- Identify a suite of level and standards of service that conform with statutory requirements and rules for their application based on long-term affordability to the municipality;
- Identify technical and functional performance criteria and measure, and establish a commensurate monitoring and evaluation system;
- Identify current and future demand for services, and demand management strategies;
- Set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew and dispose infrastructure assets, where applicable in line with national targets;
- Apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- Prepare and adopt a maintenance strategy and plan to support the achievement of the required performance;
- Allocate budgets based on long-term financial forecasts that takes cognisance of the full life-cycle needs of existing and future infrastructure

assets and risks to achieving the adopted performance targets;

- Strive for alignment of the financial statement with the actual service delivery potential of the infrastructure assets; and
- Implement its tariff and credit control and debt collection policies to sustain and protect the affordability of services by the community.

- **Social and Economic Development**

The municipality shall strive to promote social and economic development in its municipal area by means of delivery municipality services in a manner that meet the needs of the various customer user-groups in the community.

To this end, the municipality shall:

- Regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- Implement changes to services in response to changing customer needs and expectations where appropriate;
- Foster the appropriate use of services through the provision of clear and appropriate information;
- Ensure services are managed to deliver the agreed levels and standards; and
- Create job opportunities and promote skills development in support of the national EPWP.

- **Custodianship**

The municipality shall strive to be a responsible custodian and guardian of the community's assets for current and future generations.

To this end, the municipality

- Establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- Establish appropriate development control measures including community information.
- Cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;

- Ensure that heritage resource are identified and protected; and
 - Ensure that a long-term view is taken into account in infrastructure asset management decisions.
- Transparency
The municipal shall strive to manage its infrastructure assets in a manner that is transparent to all its customers, both now and in the future.

To this end, the municipality shall:

- Develop and maintain a culture of regular consultation with regard to its management of infrastructure in support of service delivery;
 - Clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
 - Avail immovable PPE asset management information on a ward basis; and
 - Continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standard.
- Cost- effectiveness and efficiency
The municipality shall strive to manage its infrastructure assets in an efficient and effective manner.

To this end, the municipality shall:

- Assess life-cycle options for proposed new infrastructure in line with the Supply Chain Policy;
- Regularly review the actual extent, nature, utilisation, criticality, performance and condition of infrastructure assets to optimise planning and implementation works;
- Assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of infrastructure assets;

- Continue to secure and optimally utilise governmental grants in support of the provision of free basic services;
 - Implement new and upgrading construction projects to maximise the utilisation of budgeted funds;
 - Ensure the proper utilisation and maintenance of existing assets subject to availability of resources;
 - establish and implement demand management plans;
 - Timeously renew infrastructure asset based on capacity, performance, risk exposure, and cost;
 - Timeously dispose of infrastructure assets that are no longer in use;
 - review management and delivery capacity, and procure external support as necessary;
 - establish documented processes, systems and data to support effective life-cycle infrastructure asset management;
 - strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
 - Conduct regular and independent assessments to support continuous improvement of infrastructure asset management practice.
- Responsibilities
 - Upon delegation from Council, the Municipal Manager shall establish as Asset Management Steering Committee to meet regularly and to take measures to effectively implement this policy and to report to Council on progress made at a frequency indicated by Council;
 - Within 2 years adoption of this policy, Directors shall develop, and update at least every 3 years thereafter, an Asset Management Plan(AMP) for each service involving immovable PPE that shall assess level and standards of service, future demand, risk determine a life-cycle plan for a minimum 10 years planning horizon, and identify management practice improvement needs (3 year horizon). The AMPs will be submitted through the Municipal Manager to Council for adoption. AMPs shall be used to inform the preparation of a Comprehensive

Municipal Infrastructure Plan and budgets through the IDP process.

- The CFO shall, in consultation with Directors, determine grading scales for the measurement of asset condition, performance, cost-of-operation, and utilisation for that are common and applicable to all services. Where necessary, the Directors shall interpret the grading scales for the immovable PPE assets under their control. Directors shall determine the grading of all immovable PPE assets under their control. Directors shall determine the grading of all immovable PPE assets under their control at a level of accuracy considered appropriate to the municipality's resources, at least every 5 years.
- Within 2 years of the adoption of this policy, Directors shall prepare, and review at least every 3 years thereafter, an Operation and Maintenance Strategy and Plan, and submit such, through the Municipal Manager, to Council for adoption. The municipality shall engage contractors when necessary to support in the implementation of maintenance actions and adopt a system that assists in managing such maintenance.
- Within 2 years of the adoption of this policy, Directors shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the Municipal Manager, to Council for adoption and inclusion in the Service Delivery and budget Implementation Plan. Directors shall establish a monitoring regime, and report actual performance each financial year.
- The Municipal Manager shall establish procedures to ensure that legislative requirements regarding the management of immovable PPE assets, including but not limited to health and safety, and environmental protection, are documented and advised to directors. Directors shall address legislative needs in their strategies and plans, and shall enforce implementation.

14. POLICY IMPLEMENTATION

Detailed procedures shall be prepared and adopted by the Municipal Manager, in consultation with the CFO and Directors, to give effect to this policy.

ANNEXURE A: EXPECTED USEFUL LIVES AND RESIDUAL VALUES

Immovable Assets

Component Type	Description Type	EUL (yrs)	Residual Value (%)
Air Conditioning	Air conditioning units server rooms Downflow unit	5	0
Air Conditioning	Air conditioning units rooms Midwall units	5	0
Air Conditioning	Chillers	5	0
Air conditioning	Standard installation (wall or split units)	5	0
Anchored wall		50	0
Auxiliary Equipment	HV substation control infrastructure (AC, DC, cabling etc)	60	0
Auxiliary Equipment	HV substation control infrastructure (AC, DC, cabling etc)	60	0
Auxiliary Equipment	Prepaid vending master stations	10	0
Auxiliary Equipment	Prepaid vending stations	10	0
Auxiliary Equipment	QoS equipment Minigraph	20	0
Auxiliary Equipment	QoS equipment Netlog 300	20	0
Auxiliary Equipment	QoS equipment Netlog 400	20	0
Auxiliary Equipment	QoS equipment Netlog 500	20	0
Auxiliary Equipment	QoS equipment Provograph	20	0
Auxiliary Equipment	QoS equipment Vectograph	20	0
Baler	Baler – H10	15	0
Baler	Baler – H20D	15	0
Batterles	Rectangeable	3	0
Battery Charger		10	0
Bin / Container	Open top skip	10	0
Bin / Container	Open top skip	10	0
Bin /Container	Plastic bin	10	0
Bin / Container	Roll on/off open steel	10	0
Bin / Container	Roll on/off open steel	10	0
Billboards		15	0
Battery Charger		10	0
Bowling green		20	0
Carports	Shade net	7	0
Circuit Breaker Panel	Bus-section panel – double busbar	50	0
Circuit Breaker Panel	Bus-section/coupler panel	50	0

Circuit Breaker Panel	Freeder panel	50	0
Circuit Breaker Panel	Freeder-panel – double busbar	50	0
Circuit Breaker Panel	Indoor switch in switchboard	45	0
Circuit Breaker Panel	Incomer panel	50	0
Circuit Breaker Panel	Incomer panel- double busbar	50	0
Control Cable	Fibre Optic	50	0
Control Cable	Pilot cable	50	0
Channel	Lined Open (Lined area)	30	0
Channel	Unlined open	5	0
Chemical Toilet		10	0
Compressor	Workshop type - fixed	10	0
Commuter shelter		15	0
RC Structure	Above ground structure	50	0
RC Structure	Below ground structure	50	0
RC Structure	Mass concrete	50	0
Component Type	Description Type	EUL (yrs)	Residual Value (%)
RC Structure	Shuttered RC eng structure	80	0
RC structure	Shuttered RC eng structure – water retaining	50	0
Control panel	Network and equipment control panel	50	0
Control panel	Network and equipment control panel	50	0
Control panel	Equipment control panel	50	0
Compactor	Compactor – C5	15	0
Compactor	Compactor – C9	15	0
Culvert		60	0
Current Transformer		45	10
Dozer		15	50
LV Cable	LV Underground Service Connection – Single Phase (Per 30m Service)	60	0
LV Cable	LV Underground Service Connection – Three Phase (Per 30m Service)	60	0
LV Cable	Underground cable Commercial	60	0
LV Cable	Underground cable Domestic 2	60	0
LV Cable	Underground cable Domestic 3	60	0
Electrical Installation		30	0
Electric service connection	LV Overhead	50	0
Electric service connection	LV Underground	45	0

Electricity Meter	Credit LPU (Large Power Users) meter	20	0
Electricity Meter	Credit LPU 3 – 0 HV including metering unit	20	0
Electricity Meter	Credit meter	20	0
Electricity Meter	Prepayment meters	10	0
Electricity Meter	Remote meters	10	0
Engine	Petrol / diesel	15	0
Erosion Protection	Gabions	50	0
Erosion Protection	Rip Rap	20	0
Earth Structure		50	50
Earthworks	Falt terrain	50	50
Earthworks	Mountainous terrain	100	50
Earthworks	Rolling terrain	50	50
External furniture	3 seater concrete bench	20	0
External furniture	Children's play equipment (jungle gym)	20	0
External furniture	Concrete table (rectangular)	20	0
External furniture	Larger planter pot (>1m diameter)	20	0
External furniture	Medium planter pot (<1m diameter)	20	0
External furniture	Playground equipment	20	0
External furniture	Water feature (Small)	20	0
External furniture	Water Feature - park	20	0
Fabricated Steel	Galvanised steel	20	0
Fabricated Steel	Mild steel	10	0
Fabricated Steel	Stainless steel	40	0
Filter media	Silica sand	10	0
Finishes, fixtures & fittings	Civic centre's, community halls, chambers	15	0
Finishes, fixtures & fittings	Clinics and day hospitals	15	0
Finishes, fixtures & fittings	General offices, libraries, etc	15	0
Finishes, fixtures & fittings	Stores, workshop, garages, depots	15	0
Fire protection	Extinguishers, hose reels only	20	0
Fire protection	Extinguishers, hose reels, full sprinkler system with booster pump	20	0
Fire protection	Extinguishers, hose reels, limited sprinklers	20	0
Component Type	Description Type	EUL (yrs)	Residual Value (%)
External lighting	Bollard - type	45	0

External lighting	Floodlights	30	0
External lighting	Streetlight with its network	45	0
Floor	Shuttered RC suspended floor slab	50	0
Floor	RC surface bed	50	0
Paving	Paved area	20	0
Fuse		0	0
Gas installation		20	0
Gearbox	Drive motor	15	0
Generator		20	0
Golf course	Municipal	50	0
Grid Inlet		30	0
Guard rail	Steel	20	0
Guard rail	Wood	15	0
High mast lighting		45	0
Speed hump		50	0
Honey sucker		10	0
HV Busbar Indoor	Cooper	60	0
HV Busbar Indoor	GIS bus bar	50	0
HV Busbar Indoor	Strung conductor(m)	60	0
HV Busbar Indoor	Tubular Conductor	50	0
HV Cable	Al PILC three core	50	0
HV Cable	Al XLPE single core	50	0
HV Cable	Cu PILC three core	50	0
HV Cable	Cu XLPE single	50	0
HV Cable	Cu XLPE three core	50	0
HV Cable	HV Al/Cu oil coiled cable	50	0
HV Cable	HV Al/CU single core XLPE cable	50	0
HV Overhead Line Conductor	Bear	50	0
HV Overhead Line Conductor	Fox	50	0
HV Overhead Line Conductor	Goat	50	0
HV Overhead Line Conductor	Hare	50	0
HV Overhead Line Conductor	Pelican	50	0
HV Overhead Line Conductor	Wolf	50	0
HV Overhead Line Insulators	Ceramic	50	0
HV Overhead Line Insulators	Composite	50	0
HV Overhead Line Insulators	Glass	50	0

HV Overhead Line Support structure	Concrete pole	50	0
HV Overhead Line Support structure	Steel lattice tower	50	0
HV Overhead Line Support structure	Wooden pole	50	0
HV Power Transformer	Auto wind	50	0
HV Power Transformer	Double wind	50	0
HV Switchgear – Circuit Breaker	Indoor GIS bays	50	0
HV Switchgear – Circuit Breaker	Outdoor	50	0
HV Switchgear – Isolating Link	Earth switches	50	0
HV Switchgear – Isolating Link	Indoor	50	0
HV Switchgear – Isolating Link	Indoor	50	0
HV Switchgear – Isolating Link	Outdoor hand operator	50	0
HV Switchgear – Isolating Link	Outdoor motorised	50	0
HV Switchgear – Isolating Link	Outdoor motorized – AIS Pantograph	50	0
HV Switchgear – Isolating Link	Above Ground – “Woodlands” type	20	0
Component Type	Description Type	EUL (yrs)	Residual Value (%)
Hydrant	Below Ground	20	0
Irrigation	Automatic sprinkler system	10	0
Kerb Inlet		20	0
Kerb	Barrie kerb	20	0
Kerb	Mountable kerb	50	0
Land		N/A	0
Landfill restoration	Restored area		0
Load Control Set	Load control Master Station-Injection	20	0
Landscaping	Flower beds, shrubs & trees	30	0
Landscaping	Lawns	50	0
Lifts		30	0
Lining – Landfill		50	0
Local Transformer	HV primary	45	0

Local Transformer	HV primary	45	0
Load Shed Relay	Load control Controllers	20	0
LV Cable	LV underground service connection – single phase (per 30m service)	60	0
LV Cable	LV underground service connection – three phase (per 30m service)	60	0
LV Cable	Underground cable- commercial	60	0
LV Cable	Underground cable- domestic 2	60	0
LV Cable	Underground cable- domestic 3	60	0
LV Overhead Line	LV- Open Wire	45	0
LV Overhead Line	LV aerial bundle conductor- commercial	45	0
LV Overhead Line	LV aerial bundle conductor- domestic 1	45	0
LV Overhead Line	LV aerial bundle conductor- domestic 2	45	0
LV Overhead Line	LV aerial bundle conductor- network	45	0
LV Overhead Line	LV overhead service connection – single phase (per 30m service)	45	0
LV Overhead Line	LV overhead service connection – three phase (per 30m service)	60	0
LV Switchgear – Circuit Breaker	Freeder panel	30	0
Masonry Structure	General	50	0
Masonry Structure	Manholes	50	0
Min round-about		20	0
Motor	sewer	15	0
Motor	water	15	0
Mini-Sub	Mini-Sub with ring main unit	45	0
Mini- Sub	Mini-Sub without ring main unit	45	0
Mini-Sub	Mini-Sub with ring main unit	45	0
Mini-Sub	Mini-Sub without ring main unit	45	0
MV Bustar Indoor	Copper bar	60	0
MV Bustar Outdoor	Strung conductor (m)	60	0
MV Bustar Outdoor	Tubular Conductor	50	0
MV Cable	MV Cu & Al cable	50	0
MV Overhead Line	11Kv ABC	45	0
MV Overhead Line	Aerial Bundled Conductor	45	0
MV Overhead Line	Heavy conductor overhead line(>70 sqmm)	45	0
MV Overhead Line	Light conductor overhead line (<70 sqmm)	45	0
MV Power Transformer	Enclosed transformer	45	0
MV Power	Substation transformer	45	0

Transformer			
MV Switchgear-Breakers	Bussection panel Double busbar	45	0
Component Type	Description Type	EUL (yrs)	Residual Value (%)
MV Switchgear-Breakers	Bus- Section / Coupler panel	45	0
MV Switchgear-Breakers	Bus- Section / Coupler panel	45	0
MV Switchgear-Breakers	Feeder panel Double busbar	45	0
MV Switchgear-Breakers	Income panel	45	0
MV Switchgear-Breakers	Income panel Double busbar	45	0
MV Switchgear- Circuit Breaker	Bus- section panel- double busbar	45	0
MV Switchgear- Circuit Breaker	Bus-section/ coupler panel	45	0
MV Switchgear- Circuit Breaker	Freeder panel	45	0
MV Switchgear- Circuit Breaker	Freeder panel – double busbar	45	0
MV Switchgear- Circuit Breaker	Income panel	45	0
MV Switchgear- Circuit Breaker	Incomer panel- double busbar	45	0
MV Switchgear- Isolators	Ring main unit	45	0
MV Switchgear- Isolating Link	MV isolator	45	0
MV Switchgear- Isolating Link	Mv isolator	45	0
MV Switchgear- Isolating Link	Ring main unit	45	0
LV Overhead Line	LV-Open Wire	45	0
LV Overhead Line	LV ABC	45	0
LV Overhead Line	LV Overhead Services connection- Single phase (per 30m Service)	45	0
LV Overhead Line	LV Overhead Services connection- Three phase (per 30m Service)	45	0
LV Overhead Line	Low voltage aerial bundle conductor Commercial	45	0
LV Overhead Line	Low voltage aerial bundle conductor	45	0

	Domestic 1		
LV Overhead Line	Low voltage aerial bundle conductor	45	0
	Domestic 2		
Paving	Paved area	20	0
Pedestrian bridge superstructure		50	0
Pilot cables		50	0
Pesstrian bridge substructure		50	0
Communal standpipe-Pedestal		10	0
Power Factor Equipment	Capacitor bank	50	0
Power Factor Equipment	Single phase, 20 min batter back-up	30	0
Pipe- Sewer	Clay	100	0
Pipe- Sewer	Concrete	40	0
Pipe- Sewer	Steel	40	0
Pipe- Sewer	uPVC	80	0
Pipe-Water	AC	40	0
Pipe-Water	GRP	80	0
Pipe-Water	HDPE	80	0
Pipe-Water	Steel	80	0
Pipe-Water	uPVC	80	0
Plumbing	Standard installation	20	0
Pump- hand		15	0
Pump- water		15	0
Pump- submersible		15	0
Pole Transformer	Pole transformer	12	0
Pole Transformer	Pole transformer	45	0
Perimeter Protection	1.2m high diamond mesh	15	0
Perimeter Protection	1.8m high brick wall	30	0
Perimeter Protection	1.8m high diamond mesh	15	0
Perimeter Protection	Concrete palisade fence	30	0
Perimeter Protection	Precast concrete wall	30	0

Component Type	Description Type	EUL (yrs)	Residual Value (%)
Pipe- Storm water	Concrete	50	0
Road Bridge abutments		89	0
Road bridge side barrier		80	0
Road bridge sub-		80	0

structure			
Road marking		2	0
Road reserves		N/A	0
Road bridge super-structure		80	0
Reactor		0	0
Retaining wall		60	0
Ring Main Unit	Ring Main Unit – 3 way	45	0
Ring Main Unit	Ring Main Unit – 4 way	45	0
Roof	Sheet metal	30	0
Roof	Thatch	40	0
Roof	Tilled	40	0
Roof	Flat concrete (170mm thick)	40	0
Small building / enclosure	Brick, block walls & concrete roof slab	50	0
Small building / enclosure	Brick, Block walls & other roof	50	0
Small building / enclosure	Steel cage	20	0
Small building / enclosure	Steel cage	20	0
Security system	Security and access control	5	0
Septic Tank		40	0
Servitude		N/A	0
Sign- General	Large	15	0
Sign-General	Standard	15	0
Sign- General	Very large	15	0
Signals		0	0
Sign- regulatory	Large	7	0
Sign-regulatory	Standard	7	0
Sports field	Cricket	30	0
Sports field	Netball / basketball	15	0
Sports field	Rugby / soccer	30	0
Squash court	Regulation size- indoor	15	0
Road surface	Bituminous (Medium)	9	0
Road surface	Bituminous (Thick)	12	0
Road surface	Bituminous (Thin)	7	0
Road surface	Concrete block surface	15	0
Road surface	Concrete	20	0
Road surface	Gravel	5	0
Sub-soil drain	Dewatering sub-soil drain	50	0
Stadium	Brick structure with roof and terraces	50	0
Stadium	Open structure with stepped terraces	50	0

Stadium	Structure with roof and stepped terraces	50	0
Street Light	Streetlight shared with LV network	45	0
Street Light	Streetlight with own network	45	0
Street rubbish bin		10	0
Road structural layer	Access	80	0
Road structural layer	Arterial / Distributor	30	0
Road structural layer	Collector	50	0
Surge Arrestor		0	0
Swimming pool	10m x 5m	20	0
Tank	Galvanised steel panel	30	0
Component Type	Description Type	EUL (yrs)	Residual Value (%)
Tank	Plastic	15	0
Communal standpipe-Tap		5	0
Telemetry	Advanced system	15	0
Telemetry	Intermediate system	15	0
Telemetry	Standard system	15	0
Tennis court	Floodlit	15	0
Tennis court	Standard	15	0
Timber structure	Timber	15	0
Transformer NEC		45	0
Transformer NER		45	0
Traffic Island		30	0
Traffic signal	C1 – 3 head	15	0
Traffic signal	C2 - 5 head	15	0
Traffic signal	C3 – 3 to 5 head overhead	15	0
Valve	Air release	15	0
Valve	Butterfly	20	0
Valve	Non-return	15	0
Valve	Pressure Reducing	15	0
Valve	Resilient seal	20	0
Vending Station		0	0
VIP Latrine	Double	10	0
VIP Latrine	Single	10	0
Voltage Transformer	MV	45	0
Walls	Complete building (Internal and external)	60	0
Walls	Face brick	60	0
Walls	Fibre cement board, timber frame, plaster board	60	0
Walls	Metal sheet, plaster board	30	0

Walls	Plastered brick	60	0
Walls	Semi-face brick	60	0
Weigh bridge	12m	15	0
Weigh bridge	8m	15	0
Well	Well & lining	30	0
Water Meter	Mag-flow	10	0
Water Meter	Mechanical	10	0
Water Meter	Prepaid	10	0

ANNEXURE B: EXPECTED USEFUL LIVES AND RESIDUAL VALUES

Movable Assets

Component Type	Description Type	EUL (yrs)	Residual Value (%)
Furniture and Fittings	Bed	7	0
Furniture and Fittings	Bench	7	0
Furniture and Fittings	Bookcase	7	0
Furniture and Fittings	Cabinet	7	0
Furniture and Fittings	Chair	7	0
Furniture and Fittings	Credenza	7	0
Furniture and Fittings	Cupboard	7	0
Furniture and Fittings	Desk	7	0
Furniture and Fittings	Rack Filling	7	0
Furniture and Fittings	Board	7	0
Furniture and Fittings	Pigeon Hole	7	0
Furniture and Fittings	Table	7	0
Furniture and Fittings	Trolley	7	0
Communication Equipment	Two Way Radio	3	0
Computer Equipment	CPU	3	0
Computer Equipment	Screen	3	0
Computer Equipment	Laptop	3	0
Computer Equipment	Modem	3	0
Computer Equipment	UPS	3	0
Office Machine	Printer	5	0
Office Machine	Air Conditioner	5	0
Office Machine	Calculator	5	0
Office Machine	Cash Register	5	0
Office Machine	Refrigerator	5	0
Office Machine	Microwave	5	0
Office Machine	Fan	5	0
Office Machine	Heater	5	0
Office Machine	Television	5	0
Office Machine	Radio	5	0

Vehicle	Utility Vehicle (Bakkies)	5	10
Vehicle	Minibus	5	10
Vehicle	Passenger Vehicle	5	10
Vehicle	Truck	5	
Specialised Vehicle	Tractor	10	15
Specialised Vehicle	Trailer	5	15
Specialised Vehicle	Emergency Trucks	20	15
Specialised Vehicle	Ambulance	5	15
Plant and Equipment	Generator	5	0
Plant and Equipment	Ladder	5	0

VICTOR KHANYE LOCAL MUNICIPALITY



TARIFF STRUCTURE

2014/2015

ANNEXURE D

VICTOR KHANYE LOCAL MUNICIPALITY

AMENDMENT OF TARIFFS

It is hereby notified that in terms of the provision of Section 24(2) of the Municipal Finance Management Act, no 56 of 2003 and Sections 74 and 75A of the Local Government: Municipal Systems Act, no 32 of 2000, as amended, the Victor Khanye Local Municipality has by resolution determined, adopted and approved the following taxes, levies, tariffs and other charges as set out in the various schedules relating to the under-mentioned By-Laws with effect from 1 July 2014 to constitute the Tariff Structure of the Victor Khanye Local Municipality for the 2014/2015 financial year.

- 1 Cemetery
- 2 Library
- 3 Fire Brigade Services
- 4 Assessment Rates
- 5 Electricity
- 6 Health
- 7 Poster, Advertisement and Banners
- 8 Sewer and Plumbing
- 9 Halls
- 10 Sanitary and Refuse Removal
- 11 Impounding of Vehicles
- 12 Furnishing of Information and Issuing of Certificates
- 13 Water
- 14 Standard Building Regulations
- 15 Street Projections
- 16 Trees: Removal and/or Killing of
- 17 Issuing of Business Licenses
- 18 Flat Rate
- 19 Hiring of shrubs and vases
- 20 Traffic Services

ITEM**TARIFF**
2014/2015**1 CEMETERY****1.1 BURIAL OF RESIDENTS****1.1.1 Delmas and/or Sundra cemetery****1.1.1.1 GRAVE COST**

- | | |
|--|----------|
| i. Purchasing of a grave | 1 398.00 |
| ii. Opening and closing a grave | 609.00 |
| iii. Deceased pensioners registered in terms of council's indigent policy at time of death | Free |

1.1.1.2 ADDITIONAL REQUEST IN RESPECT OF:

- | | |
|---------------------------------------|----------|
| i. To make a grave deeper (8ft) | 366.00 |
| ii. To make a grave wider | 366.00 |
| iii. Place ashes in an existing grave | 547.00 |
| iv. Transferring of mortal remains | 2 918.00 |
| v. Approval to erect a tombstone | 0.00 |
| vi. Burial on weekends/holidays | 1 338.00 |

1.1.2 Botleng Proper and/or Botleng X3 cemetery**1.1.2.1 GRAVE COST**

- | | |
|---|--------|
| i. Opening a grave by Council | 154.00 |
| ii. Deceased pensioners registered in terms of council's indigent policy at time of death | Free |

1.1.2.2 ADDITIONAL REQUEST IN RESPECT OF:

As per par 1.1.1.2

1.2 BURIAL OF NON-RESIDENTS**1.2.1 Delmas and/or Sundra cemetery****1.2.1.1 GRAVE COST**

- | | |
|---------------------------------|----------|
| i. Purchasing of a grave | 4 376.00 |
| ii. Opening and closing a grave | 1 216.00 |

1.2.1.2 ADDITIONAL REQUEST IN RESPECT OF:

- | | |
|---------------------------------------|----------|
| i. To make a grave deeper (8ft) | 609.00 |
| ii. To make a grave wider | 609.00 |
| iii. Place ashes in an existing grave | 609.00 |
| iv. Transferring of mortal remains | 2 917.00 |
| v. Approval to erect a tombstone | 0.00 |
| vi. Burial on weekends/holidays | 1 580.00 |

1.2.2 Botleng Proper and/or Botleng X3 cemetery**ITEM****1.2.2.1 GRAVE COST**

- | | |
|-------------------------------|----------|
| i. Opening a grave by Council | 1 702.00 |
|-------------------------------|----------|

1.2.2.2 ADDITIONAL REQUEST IN RESPECT OF:

As per par 1.2.1.2

ITEM	TARIFF 2014/2015
2 LIBRARY	
2.1 MEMBERSHIP FEES	
2.1.1 Residents of Delmas municipal area	30.80
2.1.2 Non-residents of Delmas municipal area	60.50
2.1.3 Re-issue of membership cards (per card)	12.10
2.1.4 Pensioners of Delmas municipal area	0.00
2.2 PHOTOCOPIES, FAXES AND INTERNET FEES	
2.2.1 Photo copies: A4 – General public	4.62
2.2.2 Photo copies: A4 – School reference works (Students)	0.60
2.2.3 Photo copies: A4 – Persons registered on the indigent register (proof)	0.00
2.2.4 Photo copies: A3 - General public	6.05
2.2.5 Faxes: Per A4 page (Sending)	4.25
2.2.6 Faxes: Per A4 page (Receive)	3.63
2.2.7 Internet: First half hour or part thereof	0.00
2.2.8 Internet: Per hour (or part thereof) after the first half hour	0.00
2.2.9 E-mail usage: Per each 15 min or part thereof	0.00
2.2.10 E-mail usage: Printing of e-mails (per A4 page)	0.00
2.2.11 Use of a computer: Per hour or part thereof	8.48
2.2.12 Use of a printer: Per A4 page (Black)	4.85
2.2.13 Use of a printer: Per A4 page (Colour)	10.90
2.2.14 Use of a printer: Per A4 page (Black) Persons registered on the indigent register (proof)	0.00
2.2.15 Use of a printer: Per A4 page (Colour) Persons registered on the indigent register (proof)	0.00
2.3 PENALTY FEES FOR LATE RETURNING OF ITEM	
2.3.1 Reference literature (per item per day or part thereof)	24.20
2.3.2 Other literature (per item per week or part thereof)	12.10
2.4 INFORMATION BORCHURE	
2.4.1 Brochure per copy	12.10

ITEM	TARIFF 2014/2015
3 FIRE BRIGADE SERVICES	
3.1 SERVICES RENDERED WITHIN THE MUNICIPAL BOUNDARIES	
3.1.1 FIRST VEHICLE	
i. Basic call out fee inclusive of first hour or part thereof within 15km radius	1 496.00
ii. Thereafter per hour or part thereof	875.00
iii. Per km further than radius of 15km	14.00
3.1.2 SECOND AND ENSUING VEHICLES	
i. Per vehicle per hour or part thereof	279.40
ii. Per km further than radius of 15km	12.10
3.1.3 SPECIAL SERVICES INCLUDING MOTOR VEHICLE ACCIDENTS	
i. Within radius of 15km per hour	587.40
ii. Per km further than 15km radius	12.10
3.1.4 CONSUMABLE ITEMS	Cost of replacement +10 %
3.2 SERVICES RENDERED OUTSIDE THE MUNICIPAL BOUNDARIES	
3.2.1 FIRST VEHICLE	
i. Basic call out fee inclusive of first hour or part thereof within 15km radius	2 310.00
ii. Thereafter per hour or part thereof	1 338.00
iii. Per km further than radius of 15km	12.10
3.2.2 SECOND AND ENSUING VEHICLES	
i. Per vehicle per hour or part thereof	510.40
ii. Per km further than radius of 15km	12.10
3.2.3 SPECIAL SERVICES INCLUDING MOTOR VEHICLE ACCIDENTS	
i. Within radius of 15km per hour	912.00
ii. Per km further than 15km radius	12.10
3.1.4 CONSUMABLE ITEMS	Cost of replacement + 10%
3.3 FEES FOR THE ISSUANCE OF FLAMMABLE LIQUID CERTIFICATES OF REGISTRATION AND/OR SPRAYING PERMITS (Section 10 of the FIRE BRIGADE SERVICES ACT, 1987, NR.99 OF 1987)	
(Annual payment)	
3.3.1 Bulk depot registration	1 702.00
3.3.2 Spraying room permit	426.00
3.3.3 Storage of flammable liquid	426.00
3.3.4 Storage and/or use of liquid petroleum gas	426.00
3.3.5 Transport permit: flammable liquids	426.00

<u>ITEM</u>		<u>TARIFF</u>
4 <u>ASSESSMENT RATES</u>		<u>2014/2015</u>
4.1	Residential	0.0094
4.2	Business	0.0211
4.3	Industrial	0.0211
4.4	Mining Activities	0.0211
4.5	Vacant Land (Residential & Business)	0.0630
4.6	Vacant Land (Not specified)	0.0187
4.7	Vacant Land (Agricultural Holdings)	0.0024
4.8	Agricultural / Farms	0.0024
4.9	Public Benefit Organizations (PBO)	0.0000

5 ELECTRICITY

5.1 DOMESTIC CONSUMERS

5.1.1 This tariff shall apply to the following:

- 5.1.1.1 Private dwellings;
- 5.1.1.2 Boarding-houses or hotels, excluding licenced in terms of the liquor Act;
- 5.1.1.3 Flats;
- 5.1.1.4 Nursing homes and hospital;

If the demand of this type of consumer is too large to be classified under this tariff, such consumer shall be charged the lowest tariff in ter

- 5.1.1.5 Homes run by charitable institutions;
- 5.1.1.6 Educational institutions and hostels;

If the demand of this type of consumer is too large to be classified under this tariff, such consumer shall be charged the lowest tariff in ter

- 5.1.1.7 Clubs, excluding clubs licensed in terms of the Liquor Act;
- 5.1.1.8 Churches and church halls used exclusively for public worship;
- 5.1.1.9 Pumping installations where the water pumped is exclusively used for domestic purposes on premises received supply in terms of this ite
- 5.1.1.10 A building or separate part of a building exclusively used for residential purposes; and
- 5.1.1.11 Farms for domestic and farming purposes.

5.1.2 The following charges shall be applicable:

5.1.2.1 Domestic Pre-Paid

Block 1	0 – 50kWh	(c/kWh)
Block 2	51 – 350kWh	(c/kWh)
Block 3	351 – 600kWh	(c/kWh)
Block 4	>600kWh	(c/kWh)

5.1.2.2 Domestic Conventional

Basic charge		
Block 1	0 – 50kWh	(c/kWh)
Block 2	51 – 350kWh	(c/kWh)
Block 3	351 – 600kWh	(c/kWh)
Block 4	>600kWh	(c/kWh)

5.1.3 A consumer shall apply, in writing for the type of supply, which he requires in terms of sub item (5.1.1). It remains the option of Council to classify such consumer according to his demand or consumption or both. The minimum period for which metering equipment for any type of supply will be installed shall be 12 months. No charge to the metering equipment in order to change to a different tariff shall be permitted within the first 12 months after taking into use any specific tariff, except on payment of a charge to cover the cost of the change of the metering equipment. Such cost shall be determined by the Engineering Services.

5.1.4 As from 1 July 2009 free basic electricity of 50 kWh per month to be implemented to all residential properties within the municipal area.

5.2 COMMERCIAL, INDUSTRIAL AND GENERAL CONSUMERS

5.2.1 This tariff shall be applicable to electricity supplied at low tension within the municipal proclaimed township to the following consumers:

- 5.2.1.1 Shops;
- 5.2.1.2 Commercial houses;
- 5.2.1.3 Office buildings;
- 5.2.1.4 Hotels licenced in terms of the Liquor Act;
- 5.2.1.5 Bars;
- 5.2.1.6 Cafes, tearooms and restaurants;
- 5.2.1.7 Combined shops and tearooms;
- 5.2.1.8 Public halls;
- 5.2.1.9 Clubs licenced in terms of the Liquor Act;
- 5.2.1.10 Industrial or manufacturing concerns;
- 5.2.1.11 Buildings or parts of building containing a number of the classifications under (5.2.1.1) to (5.2.1.10) and where the consumption in terms of this tariff is metered separately by Council; and
- 5.2.1.12 All other consumers, excluding those specified under other items.

5.2.2 The following charges shall be applicable:

5.2.2.1 The following charges shall be payable per month for the months October until June:

<u>GROUP</u>	<u>TYPE OF SUPPLY</u>		
(a)	70 Ampere current limit, three phase	Unit charge c/kWh	0.00
(b)	50 Ampere current limit, three phase	Unit charge c/kWh	0.00
(c)	70 Ampere current limit, single phase	Unit charge c/kWh	123.58
(d)	50 Ampere current limit, single phase	Unit charge c/kWh	0.00
(e)	100 Ampere current limit, three phase	Unit charge c/kWh	113.55

5.2.2.2 The following charges shall be payable per month for the months July until September:

GROUP	TYPE OF SUPPLY		
(a)	70 Ampere current limit, three phase	Unit charge c/kWh	0.00
(b)	50 Ampere current limit, three phase	Unit charge c/kWh	0.00
(c)	70 Ampere current limit, single phase	Unit charge c/kWh	123.58
(d)	50 Ampere current limit, single phase	Unit charge c/kWh	0.00
(e)	100 Ampere current limit, three phase	Unit charge c/kWh	113.55

A consumer shall apply, in writing of the type of supply, which he requires in terms of sub item (5.2.2). It remains the option of Council to classify such consumer according to his demand or consumption or both. The minimum period for which metering equipment for any type of supply will be installed shall be 12 months. No change to the metering equipment in order to change to a different tariff shall be permitted within the first 12 months after taking into use any specific tariff, except on payment of a charge to cover the costs of the change of the metering equipment. Such costs shall be determined by the Technical Services.

5.3 BULK CONSUMERS

5.3.1 Council reserves the right to connect consumers with an estimated load of more than 40 KVA as bulk consumers, either by means of low tension or high tension.

5.3.2 The following charges shall be payable per month:

5.3.2.1 Bulk consumers connected to low voltage:

- 5.3.2.1.1 A fixed charge ; plus
- 5.3.2.1.2 A maximum demand charge of –
per KVA per month, metered over a period of 30 minutes by
means of a KVA meter
- 5.3.2.1.3 Per unit consumed for the period October until June (c/kWh)
- 5.3.2.1.4 Per unit consumed for the period July until September (c/kWh)

5.3.2.2 Bulk consumers connected to high voltage:

- 5.3.2.2.1 A fixed charge ; plus
- 5.3.2.2.2 A maximum demand charge of –
per KVA, per month, metered over a period of 30 minutes by means of a KVA meter
- 5.3.2.2.3 Per unit consumed for the period October until June (c/kWh)
- 5.3.2.2.4 Per unit consumed for the period July until September (c/kWh)

5.3.3 The following deposits will be applicable:

- 5.3.3.1 Low voltage: single phase
Three phase
0 – 199 KVA
- 5.3.3.2 High voltage: 200 – 499 KVA
> 500 KVA

5.4 TAMPERING WITH ELECTRICAL INSTALLATIONS/METERS

If it is found in the opinion of the Director Operational Services or his nominee that there was tampered with any municipal electricity installation or electricity meter to bridge the metering of consumption or to effect the metering of consumption in any way, the electricity supply to that property will be discontinued until the following municipal levy is paid by the consumer benefiting from such illegal tampering:

Residential consumers
Business consumers

In respect of tempered meters, additional costs will be charged/levied to compensate for loss of revenue iro the of average units of number of months not purchased. The below listed average number of units per month will be applicable:

RDP houses - average of	150 units per month
Other residential household - average of	650 units per month
Businesses – average of	1,200 units per month

5.5 OTHER CHARGES

Call out charges after hours (if fault within consumer boundary) per call
Installation of pre-paid meter
Testing of electricity meters – single phase
- three phase

<u>ITEM</u>	<u>TARIFF</u>
6 HEALTH	<u>2014/2015</u>
6.1 ANALYSIS: WATER AND MILK SAMPLES	
6.1.1 Within the municipal boundaries	
6.1.1.1 E.coli - per sample	207.00
- per km	7.26
6.1.1.2 Total plate counts - per sample	207.00
- per km	7.26
6.1.1.3 Patogene analysis - per sample	207.00
- per km	7.26
6.2 PEST CONTROL	
6.2.1 Per official per hour or part thereof plus cost of consumables	195.00 plus replacement + 10%

<u>ITEM</u>	<u>TARIFF</u> <u>2014/2015</u>
7 POSTERS, ADVERTISEMENTS AND BANNERS	
7.1 ADVERTISING POSTERS	
7.1.1 Meetings, elections, fund raising events and social activities	
7.1.1.1 Deposit	973.00
7.1.1.2 Fee payable if poster is removed by Council (per item)	Forfeit deposit
7.1.1.3 Approval per poster	1.55
7.1.2 Erection of an advertisement sign equal to or smaller than one square meter	
7.1.2.1 Deposit	486.20
7.1.2.2 Fees: per sign per 90 days or part thereof	486.20
7.1.3 Erection of an advertisement sign in excess of one square meter	
7.1.3.1 Deposit	609.00
7.1.3.2 Fees: per sign per 90 days or part thereof	609.00
7.1.4 Display of "For Sale/Rent" sign and "On Show" sign	
7.1.4.1 Deposit	609.00
7.1.4.2 Fees: per sign per 90 days or part thereof	13.00
7.2 BANNERS	
7.2.1 Affixation of banner over Sarel Cilliers Street per week or part thereof	912.00

ITEM	TARIFF 2014/2015
8 SEWER AND PLUMBING ORDINANCE	
8.1 PLUMBING	
8.1.1 Sealing of openings per connection	875.60
8.1.2 Opening of drains:	
8.1.2.1 Week days in normal working hours:	
i. For the first hour or part thereof after the work has begun	539.20
ii. For every hour or part thereof thereafter	350.40
8.1.2.2 Week days after normal working hours:	
i. For the first hour or part thereof after the work has begun	719.30
ii. For every hour or part thereof thereafter	479.50
8.1.2.3 SUNDAYS AND PUBLIC HOLIDAYS:	
i. For the first hour or part thereof after the work has begun	1 080.00
ii. For every hour or part thereof thereafter	720.00
8.2 Fees per connection	
8.2.1 Residential: Delmas/Botleng (per connection)	15.60
8.2.2 Other institutions, businesses and industrial (per connection)	15.60
8.3 Basic charge	
8.3.1 Residential	
8.3.1.1 Stand < 400m ²	107.00
8.3.1.2 Stand > 400m ² but < 800m ²	144.00
8.3.1.3 Stand > 801m ² but < 1600m ²	168.00
8.3.1.4 Stand > 1601m ²	204.00
8.3.2 Business	
8.3.2.1 Stand 1m ² < 800m ²	161.00
8.3.2.2 Stand 801m ² – 1600m ²	173.00
8.3.2.3 Stand > 1601m ²	221.00
8.3.3 Other	
8.3.3.1 McCain outflow - per 10 kiloliter water used	35.80
8.4 SECOND DWELLINGS	
On residential properties where a second dwelling is erected, an additional levy equal to the applicable sewerage tariff in respect of the first dwelling will be levied.	
On a business zoned property where more than one business are operating from, an additional levy equal to the applicable business sewerage tariff, will be levied for each additional business operated from that specific property.	
8.5 SEWERAGE VACUUM TANKER SERVICES	
8.5.1 Basic charges	
8.5.1.1 <u>Delmas</u>	
i. For the first 10kl or part thereof per removal	287.50
ii. Thereafter per kl or part thereof	35.80
8.5.1.2 <u>Leeupoort AH south of road no 5</u>	
i. For the first 10kl or part thereof per removal	287.50
ii. Thereafter per kl or part thereof	35.80
8.5.1.3 <u>Leeupoort AH north of road no 5</u>	
i. For the first 10kl or part thereof per removal	372.10
ii. Thereafter per kl or part thereof	35.80
8.5.1.4 <u>Eloff Township and Eloff AH north of railway line</u>	
i. For the first 10kl or part thereof per removal	503.40
ii. Thereafter per kl or part thereof	47.70
8.5.1.5 <u>Eloff Township and Eloff AH south of railway line</u>	
i. For the first 10kl or part thereof per removal	600.00
ii. Thereafter per kl or part thereof	60.00
8.5.1.6 <u>Sundale AH</u>	
i. For the first 10kl or part thereof per removal	780.00
ii. Thereafter per kl or part thereof	83.50
8.5.1.7 <u>Springs AH</u>	
i. For the first 10kl or part thereof per removal	780.00
ii. Thereafter per kl or part thereof	83.50
8.5.1.8 <u>Sundra AH</u>	
i. For the first 10kl or part thereof per removal	780.00
ii. Thereafter per kl or part thereof	83.50
8.5.1.9 <u>Rietkol AH</u>	
i. For the first 10kl or part thereof per removal	780.00
ii. Thereafter per kl or part thereof	83.50

<u>ITEM</u>		<u>TARIFF</u> <u>2014/2015</u>
8.5.1.10	<u>Rietkol AH north of N12</u>	
i.	For the first 10kl or part thereof per removal	922.00
ii.	Thereafter per kl or part thereof	95.40
8.5.1.11	<u>Botleng south of aerodrome (erf 1202)</u>	
i.	For the first 10kl or part thereof per removal	275.50
ii.	Thereafter per kl or part thereof	35.80
8.5.1.12	<u>Botleng north of aerodrome (erf 1202)</u>	
i.	For the first 10kl or part thereof per removal	372.10
ii.	Thereafter per kl or part thereof	35.80
8.5.1.13	<u>Schoeman Farming</u>	
i.	For the first 10kl or part thereof per removal	372.10
ii.	Thereafter per kl or part thereof	35.80
8.5.1.14	<u>Daybreak Farms</u>	
i.	For the first 10kl or part thereof per removal	1 080.00
ii.	Thereafter per kl or part thereof	107.40
8.5.1.15	<u>Khanhym (Welgedacht)</u>	
i.	For the first 10kl or part thereof per removal	1 150.00
ii.	Thereafter per kl or part thereof	113.30
8.5.1.16	<u>TPA weight bridge</u>	
i.	For the first 10kl or part thereof per removal	372.10
ii.	Thereafter per kl or part thereof	35.80
8.5.1.17	<u>Sundra High School</u>	
i.	For the first 10kl or part thereof per removal	743.20
ii.	Thereafter per kl or part thereof	78.10
8.5.1.18	<u>Sundra Primary School and Kosmos Old Age Centre</u>	
i.	For the first 10kl or part thereof per removal	743.20
ii.	Thereafter per kl or part thereof	78.10
8.5.1.19	<u>Eloff Primary School</u>	
i.	For the first 10kl or part thereof per removal	455.70
ii.	Thereafter per kl or part thereof	47.70

8.5.2 **Other**

If the service is rendered at a point not listed in 8.5.1 here above, the tariff applicable will be the actual cost involved +10 %.

9 **HALLS AND OPEN AREAS**

9.1 **DEPOSITS**

	<u>TARIFF CLASSIFICATION</u>	<u>OPEN AREAS</u>	<u>ELOFF</u>	<u>F C DUMAT</u>	<u>BOTLENG</u>	<u>BOTLENG X3 AND ARST & CULTURAL CENTRE</u>
9.1.1	Deposit	609.00	790.00	1 216.00	790.00	790.00

9.2 **RENTAL**

	<u>TARIFF CLASSIFICATION</u>	<u>OPEN AREAS</u>	<u>ELOFF</u>	<u>F C DUMAT</u>	<u>BOTLENG</u>	<u>BOTLENG X3 AND ARST & CULTURAL CENTRE</u>
9.2.1	Meetings	0.00	242.00	547.00	242.00	242.00
9.2.2	Religion/Welfare organizations	0.00	147.00	242.00	242.00	147.00
9.2.3	Functions	0.00	605.00	912.00	621.00	609.00
9.2.4	Preparation of a hall	0.00	73.00	73.00	73.00	73.00
9.2.5	General use (Open areas)	R0.60 per m² per day (minimum rental of R605.00 per day)				

<u>ITEM</u>		<u>TARIFF</u> <u>2014/2015</u>
10	<u>SANITARY AND REFUSE REMOVAL</u>	
10.1	REFUSE REMOVAL	
10.1.1	Removals (once a week)	
10.1.1.1	Households, churches, flats	144.30
10.1.1.7	Business	215.90
10.1.2	Other removals	
10.1.2.1	Mass container: Once per week (per month)	1 678.50
10.1.2.2	Mass container: Twice per week (per month)	2 302.30
10.1.2.3	Mass container: Three times per week (per month)	2 518.30
10.1.2.4	Business: 80 liter per day twice per week	341.70
10.1.2.5	Business: Per extra removal	120.40
10.1.2.6	Once off: Drop and remove	570.00
10.1.2.7	Removal of medical waste (per removal)	238.70
10.2	CLEANING OF STANDS ON REQUEST	
10.2.1	First 1500m ² or part thereof	659.60
10.2.2	There-after for each 100m ² or part thereof	120.40
10.2.3	Garden disposal per m ³ or part thereof	238.70
10.2.4	Building rubble per m ³ or part thereof	360.20
10.2.5	Schools / Educational institutions	839.70
10.3	ANNIHILATION	
	<u>ITEM</u>	
10.3.1	Per animal	335.20
10.4	REMOVAL AND DISPOSAL OF CARCASSES	
	<u>ITEM</u>	
10.4.1	Carcasses of which the mass per carcass is 600kg and less	
i.	Cat and dog per carcass or part thereof	156.20
	Cat and dog per carcass or part thereof - per km	8.30
ii.	Sheep and pig carcass or part thereof	263.60
	Sheep and pig carcass or part thereof - per km	8.30
iii.	Mule, donkey, horse and cattle per carcass or part thereof	600.00
	Mule, donkey, horse and cattle per carcass or part thereof - per km	8.30
10.4.2	Carcasses of which the mass per carcass exceeds 600kg	
i.	Pig per carcass or part thereof	839.80
	Pig per carcass or part thereof - per km	9.50
ii.	Mule, donkey, horse and cattle per carcass or part thereof	839.80
	Mule, donkey, horse and cattle per carcass or part thereof - per km	9.50
10.5	DRIED SLUDGE	
10.5.1	Selling of dried sludge (own transport) per 6m ³	95.50

<u>ITEM</u>	<u>TARIFF</u> <u>2014/2015</u>
11 <u>IMPOUNDING OF VEHICLES</u>	
11.1 Impounding of vehicles Actual tow-in cost plus tariff per vehicle per day or part thereof	243.10

	<u>ITEM</u>	<u>TARIFF</u> <u>2014/2015</u>
12	<u>FURNISHING OF INFORMATION AND ISSUING OF CERTIFICATES</u>	
12.1	Cheque referred back	304.30
12.2	Valuation certificate	147.00
12.3	Clearance certificate	61.00
12.4	Furnishing of clearance certificate information	438.00
12.5	Copies of voter's roll per ward	609.00
12.6	Copies of Council meeting minutes per resolution or part thereof	61.00
12.7	Inspection of an approved building plan excluding plan in respect of residential properties	140.00
12.8	Furnishing of information – computer printout per page or part thereof	23.00
12.9	Photo copies size A4 (per page)	4.60
12.1	Photo copies size A3 (per page)	6.00
12.11	Fax size A4 (per page)	23.00
12.12	Copy paper size A0 1189 x 841 (per page)	48.40
12.13	Copy paper size A1 841 x 595 (per page)	48.40
12.14	Copy paper size A2 and smaller 595 x 421 (per page)	37.00
12.15	Durester film size A0 1189 x 841 (per page)	340.00
12.16	Durester film size A1 841 x 595 (per page)	200.00
12.17	Durester film size A2 and smaller 595 x 421 (per page)	158.00
12.18	Translucent film size A0 (0.05mm) 1189 x 841 (per page)	316.00
12.19	Translucent film size A1 (0.05mm) 841 x 595 (per page)	219.00
12.2	Translucent film size A2 and smaller (0.05mm) 595 x 421 (per page)	159.00
12.21	Zoning certificate	140.00
12.22	Copy of valuation roll	1 945.00
12.23	Deeds office enquiry	123.00
12.24	Tender documents: Non-refundable deposit	426.00
12.25	Furnishing of information/data in any other format as that contained in items 14.2 to 14.23 here above	Recovery cost basis + 10%

	<u>ITEM</u>	<u>TARIFF</u> <u>2014/2015</u>
13	<u>WATER</u>	
13.1	BASIC CHARGES	
13.1.1	Residential	
13.1.1.1	Vacant stands	132.00
13.1.1.2	Flats	42.00
13.1.1.3	Stands	95.00
13.1.1.4	Daybreak farms	300.00
13.2	CONSUMPTION	
13.2.1	Residential	
13.2.1.1	Delmas: lifeline tariff (0 – 6kl)	5.00
13.2.1.2	Delmas: tariff (7 – 27kl)	11.00
13.2.1.3	Delmas: tariff (> 28kl)	14.00
13.2.1.4	Botleng: lifeline tariff (0 – 6kl)	5.00
13.2.1.5	Botleng: tariff (7 – 27kl)	11.00
13.2.1.6	Botleng: tariff (> 28kl)	14.00
13.2.1.7	Sundra/Eloff: lifeline tariff (0 – 6kl)	5.00
13.2.1.8	Sundra/Eloff: tariff (7 – 27kl)	13.00
13.2.1.9	Sundra/Eloff: tariff (> 28kl)	14.00
13.2.1.10	Indigents (6kl free)	0.00
13.2.2	Other institutions/businesses and industrial	
13.2.2.1	Business: Delmas/Botleng	13.50
13.2.2.2	Business: Sundra/Eloff	14.00
13.2.2.3	McCain (Water bought direct from Council)	11.00
13.2.2.4	McCain (Water pump from own borehole i.t.o. agreement)	8.40
13.2.2.5	Daybreak farms	14.30
13.3	CONNECTION FEES	
13.3.1	Connection or termination on request of consumer	
13.3.1.1	Water connection	143.50
13.3.1.2	Water termination	143.50
13.3.1.3	Electricity connection	143.50
13.3.1.4	Electricity termination	143.50
13.3.2	Re-connection due to non-payment	
13.3.2.1	Late payment (per account)	0.00
13.3.2.2	Re-connection (per connection)	384.00
13.3.2.3	Re-connection after hours (per connection)	840.00

14 <u>STANDARD BUILDING REGULATIONS</u>		<u>TARIFF</u> <u>2014/2015</u>
14.1 SECTION 1		
14.1.1 Approval of building plans		
The fees payable for each building plan submitted for consideration in terms of Regulation A2 of the National Building Regulations, as well as the issuing of an occupation certificate in terms of section 14 of said Act, is as follows:		
	<u>ITEM</u>	<u>TARIFF</u>
a)	The minimum fee payable for any building plan, excluding minor building works as defined in section 13 of the Act on National Building Regulations and building standards	218.00
b)	The fees payable for any building plan are calculated on the following basis: For each 10m ² or part thereof of the building at floor level:	
	i. For the first 1000m ²	48.40
	ii. For the following 1000m ² of the area	48.40
	iii. For any part of the area above the first 2000m ²	48.40
14.1.2 Addition to existing buildings		
Fees payable for the investigation of plans, the inspection during the erection at the reconstructions on existing buildings and the issuing of an occupation certificate in accordance with the Act on National Building Regulations and Building Standards is calculated in accordance with item 14.1.1 with a minimum fee of		
		218.00
14.1.3 Alterations to existing buildings		
Fees payable for the investigation of plans, the inspection during the erection at the reconstructions on existing buildings and the issuing of an occupation certificate in accordance with section 14 of the Act		
0.2 % of the value of the alterations with a minimum fee of		218.00
14.1.4 Buildings of a special nature		
Fees payable for the investigation of plans, the inspection during the erection of buildings of special nature for example fabric chimneys, tower peaks and such constructions and the issuing of an occupation certificate in accordance with the Act on National Building Regulations and Building Standards		
0.2 % of the value of the alterations with a minimum fee of		218.00
14.1.5 Structural steelwork, reinforced concrete or structural carpentry		
Besides the fees payable in accordance with item 14.1.1 of section 1, the following amount per 10m ² is payable in respect of each new building where in structural steel work or the main construction or as carpentry parts of the building are used		
		18.15
14.1.6 Approval in respect of minor building work		
Fees of for the written approval for the exemption of submitting plans for minor building erections according to section 13 of the Act on National Building Regulations and Building Standards		
		218.00
14.2 SECTION 2		
14.2.1 Fees for the submitting of a temporary plan and enquiries		
14.2.1.1 <u>New buildings</u>		
The fees payable for each temporary sketch plan of the proposed building for inspection and written comments in accordance with Regulation A3 of the National Building Regulations, are calculated as follows:		
For each 10m ² or part thereof, of the area of the building at floor level:		

<u>ITEM</u>	<u>TARIFF</u> <u>2014/2015</u>
i. For the first 1000m ² of the area	19.36
ii. For the following 1000m ² of the area	18.15
iii. For any part of the area above the first 2000m ²	18.15
iv. Minimum fee payable in respect of item i. and ii.	243.10
For the implementation of this item, "area" is defined as in item 14.1.1, section 1	
14.2.1.2 <u>Extension of existing buildings</u>	
Fees payable for temporary sketch plans submitted for enquiries and comments at the alterations of a building is calculated in accordance with item 14.2.1.1, section 2 with a minimum of	231.00
14.2.1.3 <u>Alterations to existing buildings</u>	
Fees payable for temporary plans submitted for enquiries and comments at the alterations of a building, is calculated in accordance with item 14.2.1.1, section 2 with a minimum fee of	231.00
14.2.1.4 <u>Special buildings</u>	
Fees payable for enquiries in accordance with item 14.2.1.1 section 2 is an additional fee of the following for each 10m ² or part of the area at the buildings, if a temporary sketch plan is submitted for comments in respect of the method at construction of the erection of a building	18.15
14.2.1.5 <u>Structural steelwork, reinforced concrete or structural carpentry</u>	
Besides payable for enquiries in accordance with item 14.1.1 of section 1, the following amount per 10m ² is payable in respect of each new building where in structural steel work or the main construction or as carpentry parts of the building are used	18.15
14.3 SECTION 3	
14.3.1 Fees payable for the approval of sewerage work plans if it is done at a building	
The fees payable for any application where the plan inspections are done in accordance with section P of the National Building Regulations, is as follows:	
14.3.1.1 For each 10m ² or part of that area of the building on each floor that contributes, direct or indirect to the use of the sewerage system on site per 10m ² with a minimum fee of	18.15 231.00
14.3.1.2	
For any application to alter on the existing sewerage system on site, excluding the erection thereof, are determined by the building inspector in accordance with section 3, item 1	
14.3.1.3 Fees payable for any application to rebuild the existing sewerage system on site, are calculated in accordance with item 14.3.1.2, section 3	
14.3.1.4 The disconnection of the sewerage system on site or any part thereof in accordance with Regulation P5 of the National Building Regulations	852.00
14.4 SECTION 4	
14.4.1 Issuing of occupation certificate	
Besides the issuing of an Occupational Certificate as said in section 1, a person can on request of the owner and/or another person that has an interest in the building, apply for the issuing of a certificate and the fees are as follows:	
i. Cost plus 15 %	
ii. 50 % of the estimated costs as said in section 4, item i. before issuing the certificate	
iii. Fees due for the issuing of a Occupation Certificate must be payable before the submission of the certificate	
iv. Minimum fee of	231.00

ITEM	TARIFF 2014/2015
14.5 SECTION 5	
14.5.1 Advertisement of notice fees	
14.5.1.1 Where Council gives notice for an application	11 548.00
14.5.1.2 Where Council gives notice for the approval of an amendment scheme	7 293.00
14.5.1.3 Where Council gives notice for the approval of a town	7 293.00
14.5.1.4 Where Council gives notice for the sub-division of land	7 293.00
14.5.2 Inspection/Hearing fees	
14.5.2.1 Inspection and/or hearing of objections and/or appeal	11 548.00
14.5.3 Application fees, excluding advertisements, inspection and trial expenses	
14.5.3.1 Application in terms of article 20(1)(B)	
i. Special consent	4 680.00
14.5.3.2 Application in terms of article 20(1)(B)	
i. Consented use	4 680.00
ii. Second unit	3 570.00
iii. Building line regulations	
20 units (per ha) per unit	2 065.00
21 and more units (per ha) per unit	1 095.00
14.5.3.3 Application to amend town planning scheme (article 56(1))	
i. Residential 1	5 835.00
ii. Other uses	7 780.00
iii. Application to expand boundaries of an approved township (article 88(1)(c))	11 669.00
iv. Application for amendment of total or part annulment of approved general plan of	11 669.00
14.5.3.4 Application for sub-division of erven (article 92(1)(A))	
i. 5 or less portions	3 586.00
ii. More than 5 portions + per portion	2 310.00
iii. Application for consolidation of erven (article 92(1)(b))	3 586.00
iv. Application for establishment of township	24 310.00
v. Application for preparation of amendment scheme (article 125)	5 714.00
14.5.4 Notice and information signs	
14.5.4.1 For the erection of notice and information signs per application	3 647.00
14.5.5 Rezoning for business purposes	
If a person is utilizing any residential zoned property for any other purpose that is an amount to a contradiction of the approved Delmas Town Planning Scheme, 2000, such person will be:	
14.5.5.1 liable for a fine to a maximum of the following amount per property as in terms of section 134 of Ordinance 15 of 1986;	8 995.00
14.5.5.2 instructed to either seize the activities which are tantamount to a contradiction of the approved Delmas Town Planning Scheme, 2000, or apply for rezoning of such property within three months after the contradiction was revealed;	
14.5.5.3 liable for a municipal levy of the following amount per month after the period referred to in paragraph 14.5.5.2 has lapsed up until the necessary actions in terms of paragraph 14.5.5.2 are taken.	1 337.00

ITEM**TARIFF**
2014/2015**15 STREET PROJECTIONS**

The annual sum payable in respect of each street projection in terms of section 206 of these By-Laws shall be paid to Council annually in advance at the beginning of each calendar year by the owner of the building or the projection, as the case may be, and shall be calculated as follows subject to a minimum charge of the following amount per year:

48.07

15.1	Verandah posts at street level each	15.73
15.2	Ground floor verandahs, per m ² or part thereof	8.47
15.3	First floor balconies, per m ² or part thereof	15.73
15.4	Second and each higher floor balconies, per m ² or part thereof	10.95
15.5	Bay windows, per m ² or part thereof of plan area of projection	36.30
15.6	Pavement lights, per m ² or part thereof	20.57
15.7	Showcases, per m ² or part thereof	20.57
15.8	All other projections below, at or above pavement level including foundation footings, per m ² or part thereof of plan	20.57

<u>ITEM</u>	<u>TARIFF</u> <u>2014/2015</u>
16 <u>TREES: REMOVAL AND/OR KILLING OF</u>	
16.1 The following fee is payable in respect of an application to remove a tree situated within a said street reserve, public open space or other Council property:	
16.1.1 Per tree or alternatively the substitution thereof with five listed indigenous trees with a minimum height of 3 meter	2 431.00
16.2 The following fee is payable as fine in respect of trees situated within a said street reserve, public open space or other Council property, and which have been killed with a chemical remedy or any other way:	
16.2.1 Per tree	5 592.00

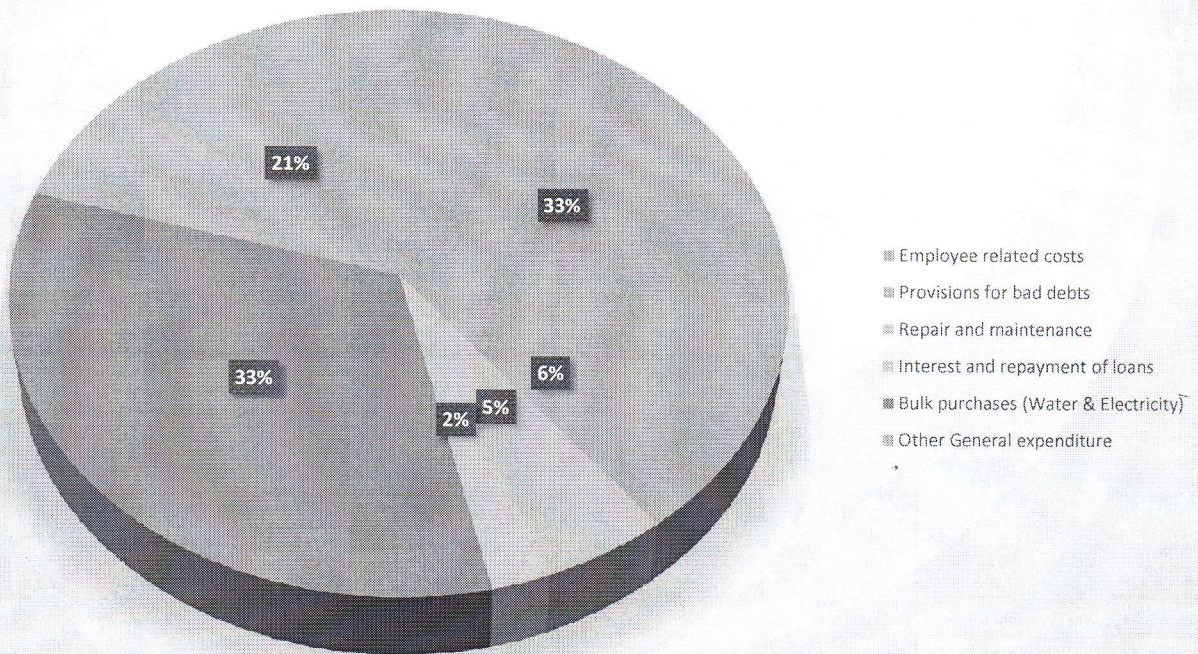
<u>ITEM</u>	<u>TARIFF</u>
17 <u>ISSUING OF BUSINESS LISENCE</u>	<u>2014/2015</u>
17.1 Issue of a licence in terms of regulation 8	
a) Selling or supply of meals	60.50
b) Hawking with meals	390.00
c) Providing of certain types of health facilities of entertainment	
i. Turkish baths, saunas or health baths	609.00
ii. Massage or infra-red treatment	609.00
iii. Keeping of three or more amusement apparatus	390.00
iv. Escort agencies	2 310.00
v. Keeping of three or more snooker or billiard tables	390.00
vi. Keeping or conducting of a cinema or theatre	1 399.00
vii. Keeping or conducting of a night club or discotheque	390.00
17.2 Issuance of a duplicate licence	122.00
17.3 Furnishing of documents as contemplated in regulation 23	121.00
17.4 Endorsement of licence as contemplated in regulation 6	181.50
17.5 Endorsement of licence as contemplated in section 2(8)	181.50
17.6 Furnishing of reasons by the Licencing Authority as contemplated in regulation 13	390.00
17.7 Issuing of hawkers licences	
a) Application fees per annum	0.00
b) Penalties for any offence	0.00

<u>ITEM</u>	<u>TARIFF</u>
18 <u>FLAT RATE</u>	<u>2014/2015</u>
18.1 Indigent: Flat rate (Gross income more than R800.00 but less than R1,500.00 pm)	264.00
18.2 Indigent: Flat rate – special indigent (No income)	0.00
18.3 Indigent: Flat rate – indigent (Gross income less than R800.00 pm)	155.00
18.4 Indigent: Flat rate – registered social welfare pensioners earning gross income of less than R800.00 per month	102.00
18.5 Flat rate (Land size smaller than 450m2)	264.00

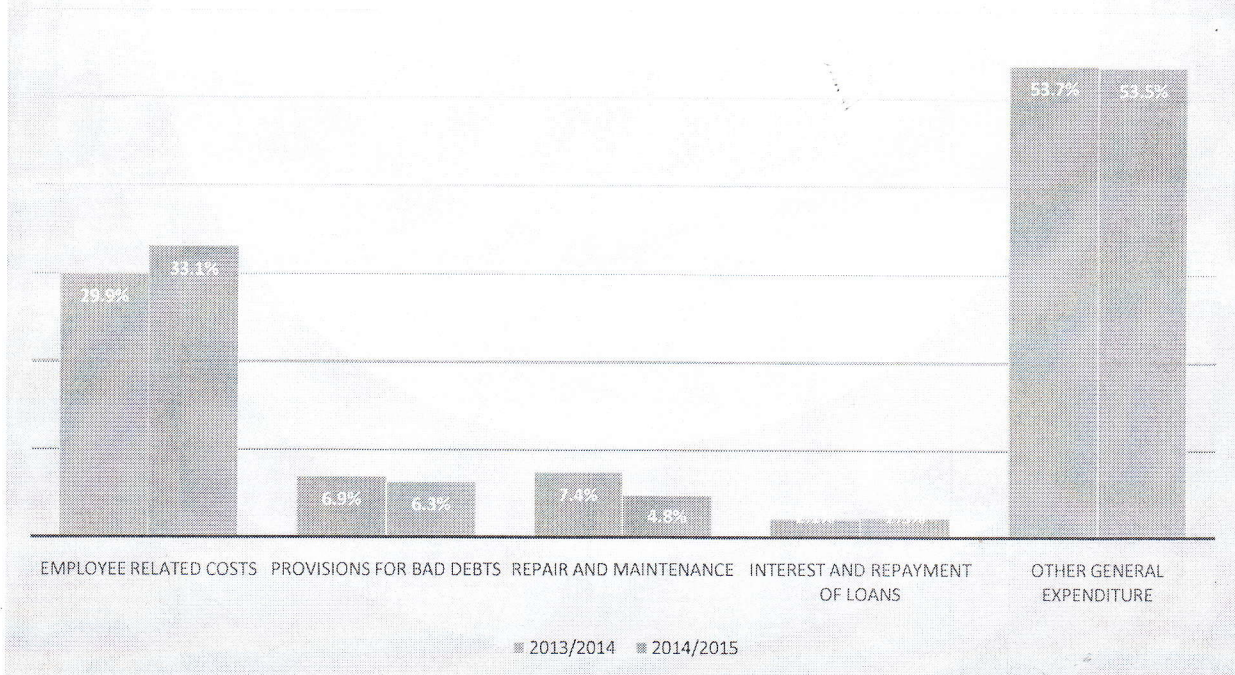
<u>ITEM</u>	<u>TARIFF</u>
19 <u>HIRING OF SHRUBS AND VASES</u>	<u>2014/2015</u>
19.1 Flax plants - deposit	462.00
- per plant per occasion	10.95
19.2 Shrubs - deposit	462.00
- per plant per occasion	15.73

<u>ITEM</u>	<u>TARIFF</u>
20 <u>TRAFFIC SERVICES</u>	<u>2014/2015</u>
20.1 Traffic control with rallies	
i. Per traffic officer per hour	256.00
20.2 Closing of streets on public request (excluding funerals)	583.00
i. Per traffic officer per hour (excluding funerals)	256.00

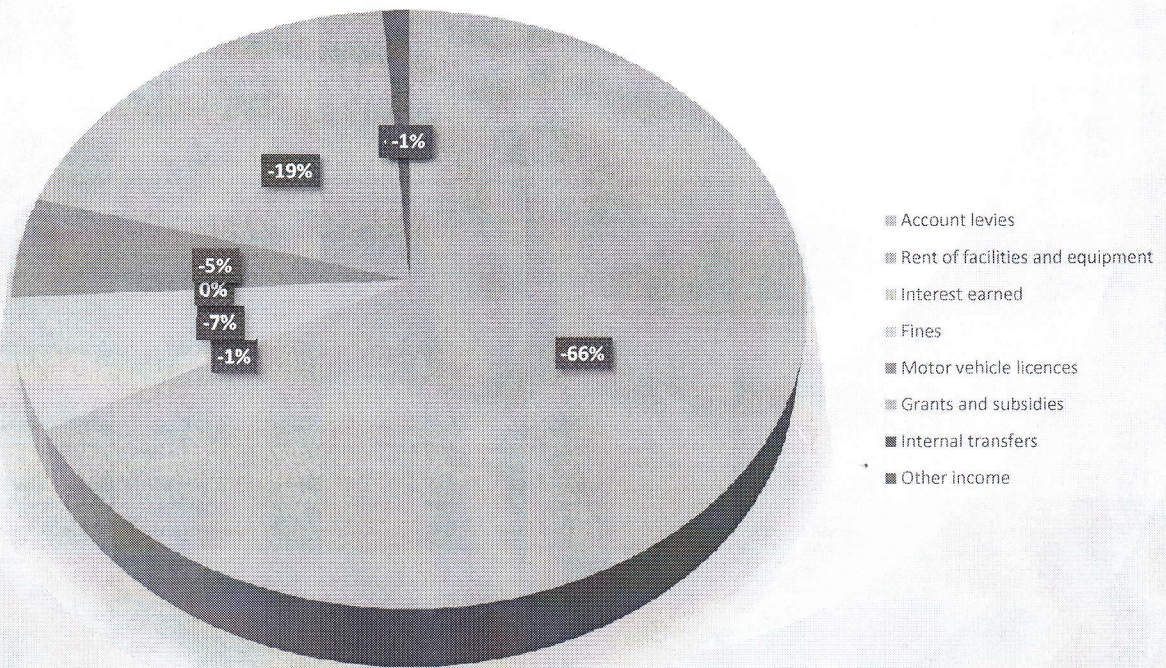
OPERATIONAL EXPENDITURE



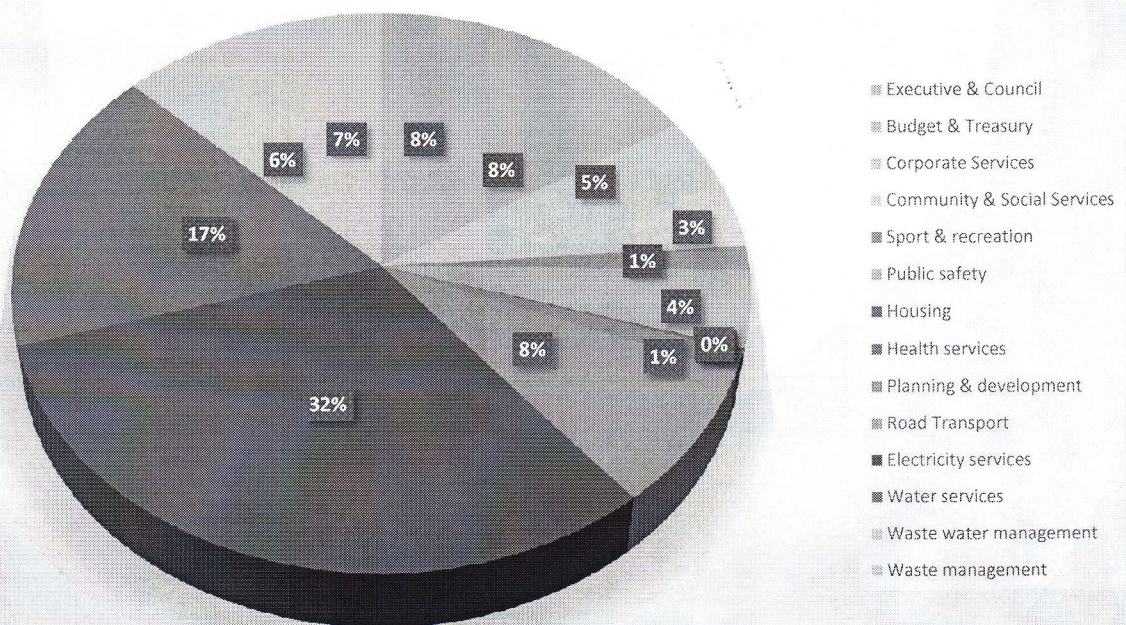
COMPARABLE EXPENDITURE



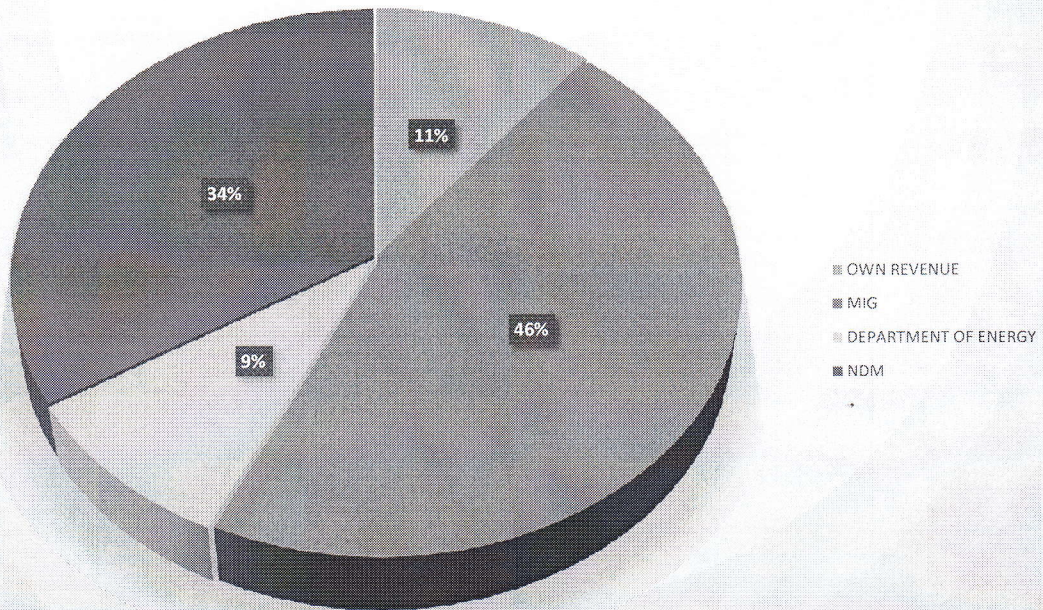
REVENUE SOURCES



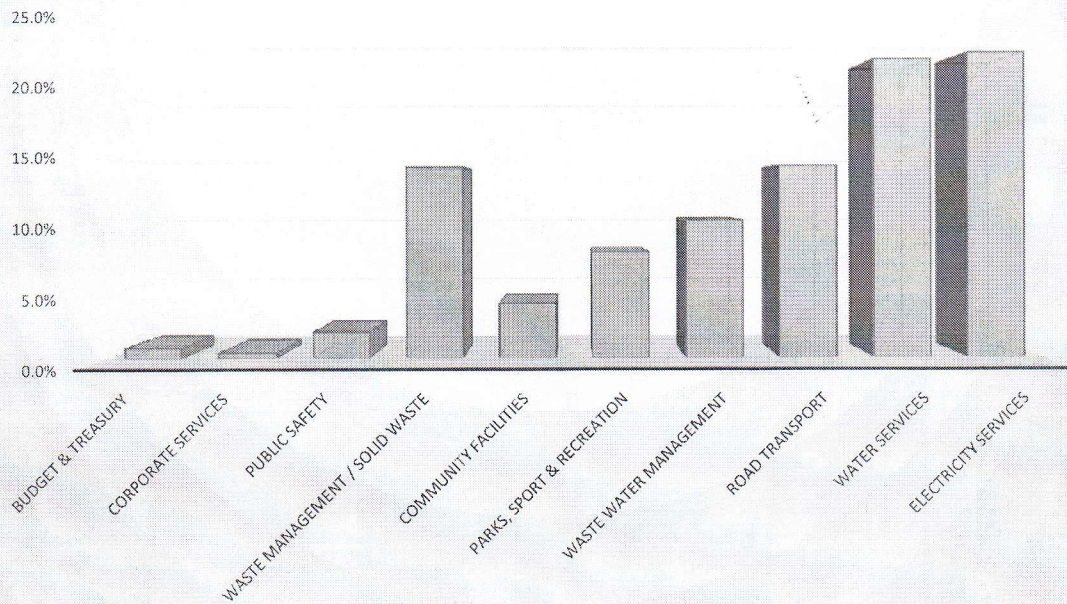
ALLOCATION - OPERATIONAL FUNDS



CAPITAL FUNDING SOURCES



CAPITAL APPROPRIATION



VICTOR KHANYE LOCAL MUNICIPALITY



GRAPHS

2014/2015

ANNEXURE E

QUALITY CERTIFICATE

I, **David Nganwa Morema**, Acting Municipal Manager of **Victor Khanye Local Municipality, MP311**, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Development Plan of the Municipality.

Name: **David Nganwa Morema**

Acting Municipal Manager

Victor Khanye Local Municipality (MP311)


DN MOREMA

22 May 2014

